



PHD

An Investigation into the Implementation of Socially and Environmentally Responsible Procurement

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Award date:
2013

Awarding institution:
University of Bath

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AN INVESTIGATION INTO THE IMPLEMENTATION OF SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE PROCUREMENT

Volume 1 of 1

Adam James Adrien-Kirby

A thesis submitted for the degree of Doctor of Philosophy

University of Bath

School of Management

September 2012

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A.J. Adrien-Kirby

Abstract

The purpose of this thesis is to examine the intra-organisational processes used by businesses operating in the United Kingdom to narrow the gap between their socially and environmentally responsible procurement (SERP) policy and its implementation in buyer-supplier relationships. This is a response both to the wide variety of recent human/labour rights and environmental violations in corporate supply chains as well as to concerns that the corporate policies developed in response to stakeholder pressure regarding such violations may not be sufficient for the effective implementation of their remedy. This examination of corporate efforts to implement SERP policy initiates a line of research aimed at building a theory of internal SERP policy implementation.

The theoretical lens used in the component studies of this thesis is a combination of organisational culture and the resource-based view (RBV) of the firm. The former is used to assess how top managers and procurement departments show support for SERP implementation. This is to say that aspects of their cultures are used to perceive this support. The organisational and human resources made available to the procurement department are considered to be the capabilities needed to translate this support into practice. Drawing on data from a survey of 340 buyer-supplier relationships and from two in-depth case studies of businesses operating in the United Kingdom, this thesis contributes both theoretically and empirically to the literature.

Prime examples of this thesis' contributions include the mapping of commercial processes used to connect stakeholder rights and pressures to procurement activity; the identification of internal subgroups that affect SERP implementation; and the conceptual reconsideration of two core capabilities theorised to facilitate this process. Further research includes the replication of case studies; the consideration of supplier capabilities to implement buyer requirements; and how this research can be more aligned with extant supply chain strategy research.

Acknowledgments

Thanks and recognition go to Professors Stephen Brammer and Andrew Millington, my supervisors, for their seemingly endless motivation to guide and advise me. Their support throughout this process has been crucial and without them, this work would not have come to fruition. Also in the academic community, I would like to thank Professor Helen Walker for her perspective and encouragement to ‘keep it real’, as well as Drs. Edward Elias, Juan Pablo Ferrero, Sinéad Roden, Phil Tomlinson, Stefan Hoejmosé, Johanne Grosvold, Krista Bondy, Iain Davies, Erik van Raaij and Kai Förstl.

My endless gratitude is due to mum, dad and the rest of my family (especially Boogie, thanks for the goat and cornmeal!) who put up with me talking seemingly only about this one topic for a few years! I am also very thankful to my dear friends from my M.Sc. course here at Bath, and from Warwick University, whose support, laughter and encouragement were indispensable! Thank you so much, too, Polly and Martin, and Francesca and Chris for hosting me right at the end!

Thank you to Benjamin Smith and Simon Steyne at the International Labour Organization in Geneva for the opportunity to see how this knowledge can be applied.

I also have deep gratitude for the endless efforts of Buddhist philosopher and educator, Daisaku Ikeda, whose writings have spurred a deeper sense of purpose in my life and have kept my eyes fixed on the wider context of my efforts in this piece of research. I am also grateful to all the members of SGI, whose experiences and constant efforts have been a continuous source of inspiration. Thanks go particularly to the members of the student division, the SGI-UK Youth Peace Committee (2010-2012) and to members in Bath, North Kensington, Brixton, Bedford, Birmingham and Geneva.

Thank you all.

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1. Introduction

1.1 Introductory remarks

This thesis is a response both to the wide variety of recent human/labour rights and environmental violations in corporate supply chains (e.g. Maloni and Brown, 2006; Weissbrodt and Kruger, 2003) and to concerns that the corporate policies developed in response to stakeholder pressure regarding such violations may not be sufficient for the effective implementation of their remedy (Boyd *et al.*, 2007; Locke *et al.*, 2007; Welford and Frost, 2006; Sitkin and Roth, 1993). Drawing on innovative measurement methods, two in-depth cross-industry case studies and quantitative data from a sample of 340 buyer-supplier relationships from 178 companies operating in the United Kingdom, this thesis examines the role played by wholly intra-organisational culture and resources in British industry's endeavour to fulfil its social and environmental responsibilities at home and abroad.

Commercial activity has long had a significant impact on (or has at least been complicit in) the non-fulfilment of human/labour rights and environmental degradation. At times, these negative impacts of commercial activity go hand in hand. Recent events have coincided with supportive cultural attitudes in economically-powerful nations, particularly Europe and the United States (Orpen, 1987), to cause ever increasing stakeholder pressure for commercial organisations to assume responsibility for the external cost caused by industrial action in pursuit of financial gain, which is subsequently borne by society and the environment (Amaeshi *et al.*, 2008).

It is important to consider these activities in light of operational changes made by businesses in industrialised nations to procure goods from emerging economies in the pursuit of financial gain, particularly with regard to reduced labour and production costs (Ruamsook *et al.*, 2007). Violations of the labour right to Freedom of Association and Protection of the Right to Organise (*see* International Labour Organisation (ILO)

Convention 87¹) was exposed in Adidas' supply chain, for example, when union leaders were dismissed in 2005 from its factories in Indonesia (Oxfam Int., 2006). In the field of labour rights violations, this incident is indicative of more chronic violations of international conventions and guidelines, such as breaches of the child's right to be free from child labour (*see* ILO Conventions 138² and 182³) in the apparel industry's supply chains⁴, much of which remains undetectable due to its concentration in the informal economy and working at home (USDOL, 2012; ILO-IPEC, 2012).

The supply chain is a core part of the organisation that accounts at times for more than 60% of costs (Saini, 2010, Carter 2000a), which gives rise to the dilemma of balancing the industrial imperative of profit generation against the potential costs incurred by assuming responsibility for the actions of suppliers, who are not only different organisations in their own right but also often located in countries characterised by legal and institutional frameworks that are fundamentally different.

With mounting pressure from stakeholders for businesses to be held accountable for social and environmental infringements (Amaeshi *et al.*, 2008) and in the absence of enforceable international law on these concerns in business (Locke *et al.*, 2007)⁵, a variety of policy commitments have emerged (codes of conduct having emerged as the most prominent [Pedersen and Andersen, 2006; Roberts, 2003]) in order to raise and maintain the standard of socially and environmentally responsible procurement (SERP) practices. Furthermore, these policy commitments have evolved from those that mandate suppliers to merely comply with local labour regulations (which may be argued to constitute minimum operating standards rather than responsible practice

¹http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:3498477762129026::NO:12100:P12100_INSTRUMENT_ID:312232:NO

²http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:3498477762129026::NO:12100:P12100_INSTRUMENT_ID:312283:NO

³http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:3498477762129026::NO:12100:P12100_INSTRUMENT_ID:312327:NO

⁴ This is in addition to evidence of perpetual use of child labour in industries, such as agriculture and mining.

⁵ Strong guidance has been provided by 'Protect, Respect and Remedy' framework developed by the former UN Special Representative to the Secretary General on Business and Human Rights, Prof. John Ruggie, that was ratified by member states at the UN Human Rights Council in June 2010 (United Nations, 2010)

[Carroll, 1991, 1999; Davis, 1973]) into voluntarily more stringent policies developed or endorsed by the buyer (e.g. Preuss, 2009).

Examining the nature and treatment of social and environmental violations along the supply chain is a complex task. Recent conceptualisations of the supply chain have moved towards a ‘network’ rather than a ‘chain’ (Storey *et al.*, 2006), in which one supplier may serve the needs of many (perhaps competing) buyers and vice versa (Lamming *et al.*, 2000). Implementing SERP policy commitments in such contexts may prove a difficult task, as they are rarely applied beyond the level of first-tier suppliers (Beske *et al.*, 2008; Millington, 2008) and many of the issues found above are beyond this point [Human Rights Watch, 2012]).

Despite this focussed application of SERP policies in the supply chain, concerns have emerged in the academic community that corporate policies developed in response to stakeholder pressure regarding such violations may not be sufficient for the effective implementation of their remedy (Boyd *et al.*, 2007; Locke *et al.*, 2007; Welford and Frost, 2006; Sitkin and Roth, 1993). Locke *et al.* (2007) make reference to the dishonesty and fraudulent nature of those conducting supply-chain audits. Neef (2004) and Jørgensen *et al.* (2003) advocate a bottom-up approach to the development of a remedy by highlighting the ineffective nature of top-down processes. Scholars have also gone as far as to note that organisations are in fact struggling to demonstrate their commitment to the wider CSR cause through organisational practice (Lindgreen and Swaen, 2010; Lindgreen *et al.*, 2009b).

How do commercial organisations approach assuaging these concerns? Some academic scholars have initiated a line of enquiry that examines the internal characteristics of businesses aiming to raise the effectiveness of their implementation processes (Walker *et al.*, 2008; Cooper *et al.*, 2000, 1997⁶). However, studies have yet to provide a detailed treatment of wholly intra-organisational approaches to implementing SERP in the supply chain. Many studies in the literature have concentrated on the use of policy documents, such as codes of conduct (Boyd *et al.*, 2007; Roberts, 2003; Kolk and van Tulder, 2002a&b; Emmelhainz and Adams, 1999) and ISO/SA standards (Nawrocka,

⁶ See also a recent project initiated by Prof. Joseph Sarkis on intrinsic motivation and responsible supply chain practices

2009, 2008; Beske *et al.*, 2008; Castka and Balzarova, 2008; Chen, 2005). Few studies have emphasised the importance of the procurement department's *practice* in relation to these policies. This is to say that academic interest has been concerned in the main with the mechanisms used by top management to affect the procurement department's behaviour, *not* how these tools affect behaviour or, indeed, whether they have the desired effect.

1.2 Research objective

This thesis aims to explore the processes and mechanisms, within the boundaries of the organisation, that serve to translate SERP policy into practice. In response to an under-researched area of the literature, this thesis adopts a wholly internal view of the organisation and asks

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

In so doing, it develops a conceptual model integrating theoretical perspectives from differentiated organisational subcultures (Martin, 2002; Lucas, 1987) and the resource-based view of the firm (RBV) (Barney, 1991). The concept of 'differentiated organisational subcultures' accounts for the potentially obstructive differences or supportive similarities between top management and the procurement department that may influence SERP implementation.

The RBV emphasises the development, allocation and use of valuable, rare, inimitable and non-substitutable resources to implement SERP. The current study focuses on the use of organisational and human resources (Barney, 1991), in response to calls for their further examination (Barney, 2001; Carmeli and Tishler, 2004) and to the predominance of studies into physical resources in the extant SERP literature (e.g. Côté *et al.*, 2008; Carter and Rogers, 2008; Carter and Jennings, 2004). The conceptual framework recognises the discretionary nature of SERP (Davis, 1973; Hunt and Auster, 1990; Roome, 1992) and proposes that resources present within the organisation are allocated to SERP implementation insofar as it is a culturally-supported activity.

The conceptual framework proposes a direct relationship between the cultural support at the level of top management and SERP implementation. The propositions pertaining to this relationship build on the work of McDonald and Nijhof (1999), Sims (1991), Cooper *et al.* (1997, 2000) and Walker *et al.* (2008). These studies clearly identify the important role of top management in SERP. The current project extends these studies by, firstly, recognising the different ways in which top management may display their support (Schein, 2004) and, secondly, that the behaviour of top management is a pivotal instrument to endorse socially and environmentally responsible behaviour (Murphy and Enderle, 1995).

It builds further on the current treatment of culture in the extant SERP literature by taking into account the subculture of procurement managers (Lucas, 1987; Barley, 1986; Bacharach and Lawler, 1980). It is recognised, in this regard, that intra-organisational subgroups are likely to have developed subcultures that differ to others due to differences in commercial pressures and practices (Jung *et al.*, 2009). The conceptual framework suggests that the way in which these subcultures have developed will have a supportive or obstructive effect on SERP implementation.

Likewise, by integrating the RBV into the conceptual framework, this study recognises both the paucity of research into the use of organisational and human resources to implement SERP (but see Carter, 2005 and Preuss, 2001) and the current focus on physical resources (Côté *et al.*, 2008; Carter and Rogers, 2008; Carter and Jennings, 2004; Welford and Frost, 2006).

1.3 Research philosophy and design

A critical realist approach is adopted in this research in order to acknowledge that the collected data reflects the study's participants' experiences of SERP implementation as an objective activity (Bhaskar, 2008). It also recognises that SERP, as behaviour and a manifestation of the organisation's beliefs and values (*its culture* [Schein, 2004]) is a product of social interaction (between top management and the procurement department) that is neither ahistorical nor independent of the human agents who are to implement this behaviour (Mingers, 2004). Observing SERP implementation as an objective reality with which employees interact facilitates the identification of

‘empirical regularities’ (Helfat, 2007) to provide insights into how organisations implement SERP policy.

This research employs both quantitative and qualitative research methods. First, using innovative measurement methods, a survey of 340 buyer-supplier relationships is conducted in 178 businesses based in the United Kingdom. This is followed by two in-depth case studies of a tobacco manufacturing business and a domestic hardware business. These studies aim to uncover supporting and supplementary evidence in order to inform the proposed quantitative model and future research.

The aim of the quantitative study is to explore the role of top management support and organisational resources in facilitating SERP implementation. The results of this study are presented in chapters 5 and 6. Of the four RBV-based theoretical propositions, the regression analysis of this study focuses on propositions 3b and 3c. The reason is that these pertain to organisational resources that are developed through the daily operation of the procurement department. The advantage of focusing the study in this way is to highlight the use of mechanisms to implement SERP that are frequently present throughout British industry. The data from the quantitative study are analysed using OLS regression methods in SPSS.

The two case studies were chosen for two reasons: firstly, for their high scores of SERP implementation in the quantitative study and, secondly, for the clear differences in the nature of their operating contexts. The organisations thus represent reactions to different institutional forces. This variability increases the reliability of the empirical regularities found to facilitate engagement in SERP activity in different industries (Andersen and Skjoett-Larsen, 2004). Larger organisations are targeted after Min and Galle’s (2001) finding that organisational size is a significant explanatory variable for engagement in SERP activity. The data from the case studies are analysed using Miles and Huberman’s (1994) role-ordered matrix that aims to distil qualitative responses according to the participant’s role in the organisation.

This thesis also compares the data from the case organisations in order to identify ‘empirical regularities’ (Helfat, 2007) and differences. The findings from the cases are

also compared and contrasted with the theoretical developments in the extant SERP literature.

1.4 Contributions

This section details the key contributions of this thesis to the extant literature; to theory; to methods in the literature; and to managerial practice.

1.4.1 Contributions to the SERP literature

With a sample of 340 buyer-supplier relationships, the quantitative chapters of this thesis (Chapters 5 and 6) contribute findings of the largest sample of buyer-supplier relationships operating in the United Kingdom. Previous studies into SERP have begun to look inside the organisation. Ehrgott *et al.* (2011), for example, examined the effect of mid-management pressure to select suppliers from emerging economies. Ramus and Montiel (2005) examined the intra-organisational mechanisms that affect environmentally responsible practices and drew primarily on institutional theory as the explanatory theoretical lens. The authors (2005) also reported the inability to collect policy commitment data, which are included among the explanatory variables in Chapter 6.

This thesis, moreover, contributes by being one of the first focussed studies into the intra-organisational factors affecting the discrepancy between SERP policy (that which an organisation wants to do or says it does) and SERP practice (that which is actually done within the organisation). It also contributes not only by looking at the wholly *intra-organisational* mechanisms of SERP implementation but also by putting the social and environmental aspects of responsible procurement on an equal footing.

The case studies in this thesis make a significant contribution to scholars' abilities to consider internal mechanisms with regard to implementing SERP. In this regard, both studies will reveal the SERP policy and implementation process established by each organisation as an important organisational resource (Barney, 1991) that translates the concerns of stakeholders into practice.

A major contribution to the literature is this project's setting in organisational theory. As shall be seen in the literature review (Chapter 2), theoretical approaches are sparse in the SERP literature. The majority of the literature aims to contribute to neither theory nor practice but rather to report empirical observations (de Bakker *et al.*, 2005). This thesis strengthens the literature in this regard by rooting the approach to SERP implementation in the theory of differentiated organisational culture (Martin, 2002) and the resource-based view of the firm (Barney, 1991).

1.4.2 *Contributions to theory*

The use of theoretical perspectives appropriate for different stages of the SERP implementation process highlights the nuances of this phenomenon. Previously, scholars have paid disproportionate levels of attention to organisations' policy commitments for SERP (e.g. Preuss 2005, 2009). Furthermore, the effectiveness of these same policies, codes of conduct and other such self-regulatory instruments, has been questioned in the literature (Sitkin and Roth, 1993; Welford and Frost, 2006) along with the mechanisms through which they are implemented (Boyd *et al.*, 2007).

Some scholars have highlighted the need to examine organisational culture (e.g. Sinclair, 1993; Übüs and Alas, 2009) and, although still at the organisational level of analysis, their research efforts have indeed started to look *within* the organisation (Walker *et al.*, 2008; Ramus and Montiel, 2005; Cooper *et al.*, 2000, 1997). This thesis acts on this recognition.

The nuance identified in this research builds on the examination of organisational culture by taking a materially differentiated perspective (Martin, 2002; Lucas, 1987), a perspective that contends a political culture (Mayes and Allen, 1977) between organisational subgroups with competing priorities and differing pressures that create diverging beliefs and attitudes (Jung *et al.*, 2009). In so doing, it frames SERP implementation as a process of aligning mindsets and practices (Powell, 1992; Powell and DiMaggio, 1991) to encourage 'buy-in' without assuming the omnipotence of top management (van Maanen and Barley, 1985). Furthermore, the material dimension of this approach prescribes a viable line of enquiry to future researchers interested in the

examination of artifacts (Schein, 2004) as a reliable proxy for a subculture's underlying values and beliefs (Carter, 2005).

Findings of studies in this thesis suggest that top management may not be able to use culture as a 'lever' to 'manage' or 'control' procurement managers' behaviour (Ackroyd and Crowdy, 1990) concerning a non-mandated stakeholder pressure (Davis, 1973). In this way, they lend support to scholars' concerns that policies may not be the most effective instrument to implement SERP (Sitkin and Roth, 1993; Welford and Frost, 2006; Locke *et al.*, 2006). Moreover, the emphasis is placed more on the conspicuous behaviour of top management (Chapter 6) and their leadership style (Chapters 7 and 8). Furthermore, findings from the case organisations highlight the importance of examining intra-organisational subcultures along formal and non-formal lines (Sinclair, 1993). The former may be easier to identify and lend itself more easily to quantitative study; the latter perhaps more obscure and more easily identified through a case study approach (see Drumwright, 1994).

The nuance is further clarified through the use of the resource-based view of the firm (RBV) (Barney, 1991). This theory clarifies the nuance of SERP implementation by highlighting that studies of organisational culture only focus on half of the story. Resources, ultimately, enable the implementation of any cultural support. Whilst studies in the SERP literature have focussed on physical resources and primarily the consideration of financial resources (Carter, 2005, 2000; Carter and Dresner, 2001; Bowen *et al.*, 2001b), this thesis contributes by placing emphasis on the organisational and human resources that facilitate SERP implementation. Both of these aspects of RBV have been recognised as important to the firm (Ray *et al.*, 2004; Makadok, 2001) and as an important addition to the SERP literature (Barney, 2001). However, attention has been paid to them to a much lesser degree (Peng, 2001; Godfrey and Hill, 1995).

Despite the earlier support lent to the increasing ineffectiveness of policies as a means to implement SERP (Sitkin and Roth, 1993; Welford and Frost, 2006; Locke *et al.*, 2006), this thesis finds that 'practical policies', i.e. policies with which managers frequently interact that serve to alter daily behaviour, are resources that are valuable, rare, inimitable and non-substitutable (VRIN; see Mahoney and Pandian, 1992; Barney, 1991) given the specialised context in which they are developed.

1.4.3 *Contributions to methods in the literature*

The main methodological contribution lies in the development of the dependent variable used in Chapters 5 and 6 (see section 4.5.4). Quantitative studies in the extant SERP literature are largely ‘descriptive’ (de Bakker *et al*, 2005) (e.g. Darnall *et al.*, 2008) and those that test theory often rely on the same method as was used for the collection of the study’s explanatory variables (e.g. Park-Poaps and Rees, 2010).

This thesis adapted an innovative method of quantifying qualitative data from Bloom and van Reenen (2007), whose study aimed to discern qualitative differences between ‘good’ and ‘bad’ management practice rather than relying on survey participants’ reports. The inclusion of this method in the current project reflects on lessons learnt by Rudelius and Buchholz (1979) and latterly Saini (2010) that respondents can become defensive and may have a higher tendency toward social desirability bias when questioned directly regarding ethics; researchers should thus encourage respondents to talk about their experiences, incidences and examples.

1.4.4 *Contributions to managerial practice*

This thesis has developed a conceptual framework through which practitioners would begin to manage their organisation’s SERP practice more effectively. With this end, it identifies the importance of leadership qualities in top managers; of the development of ‘practical policies’ that aim to guide employees’ professional practice (as opposed to policy-level prescriptions). It has also highlighted the significance of ‘core capabilities’ (Andersen and Skjoett-Larsen, 2009), including drawing on experience from relationships with foreign suppliers, consulting internal and external stakeholders and establishing a coherent path that translates lessons from stakeholders to procurement practice.

This thesis includes organisations’ policy commitments as part of a more holistic examination of commercial approaches to implementing SERP in the buyer-supplier relationship. It goes beyond studies at policy level in three ways. Firstly, codes of conduct and similar policies, as responses to external stakeholder pressure, are

considered as manifestations (or artifacts [Schein, 2004]) of the top management support for SERP. Secondly, this thesis looks behind these artifacts to other types of top management support that may not be so accessible to external party observation, such as intra-organisational perceptions of top management's behaviour and the support given by the procurement department (Lucas, 1987; Martin, 2002). Thirdly, this thesis looks beyond the policy-level by combining the theory of differentiated organisational culture with the resource-based-view of the firm (RBV) (Barney, 1991). In this way, any observed support for SERP remains support until the intra-organisational actors tasked with its implementation possess or have access to relevant resources. (Andersen and Skjoett-Larsen, 2009).

1.5 Structure of this thesis

This section describes the structure of the thesis.

This thesis is divided into eleven chapters (Figure 1). The second chapter⁷ draws upon methods recommended by de Bakker *et al.* (2005) and Ryan and Bernard (2003) to provide a detailed overview of the SERP literature. The chapter also identifies shortcomings of the literature, of which this thesis seeks to respond to one, thus approaching the following research question:

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

Chapter 3 discusses the theoretical approach to this question. It describes the different facets of the theory of differentiated organisational culture (Martin, 2002) and the resource-based view of the firm (Barney, 1991). It also develops the theoretical propositions of the thesis. Chapter 4 discusses the research philosophy as well as the quantitative and qualitative techniques used in the empirical chapters of the thesis.

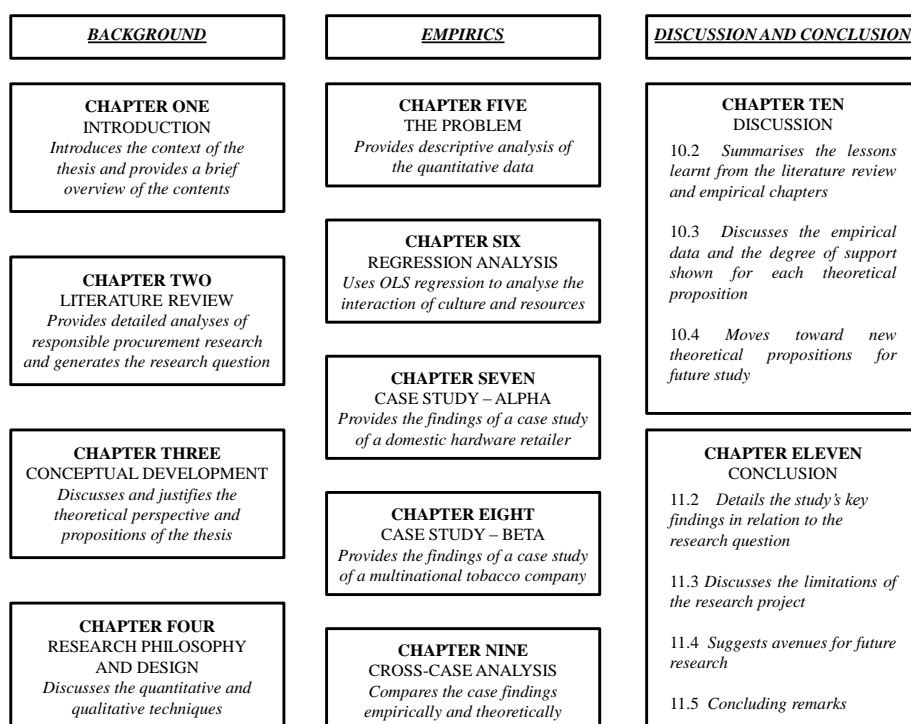
Beyond this point, the thesis turns to the empirical investigation of SERP policy implementation in buyer-supplier relationships. Chapters 5 and 6 constitute the results

⁷ The bibliometric section of the literature review in chapter 2, following de Bakker *et al.* (2005), constitutes the first empirical section of the paper published by Hoejmose and Adrien-Kirby (2012).

of the quantitative analysis. The first details a descriptive analysis of the collected data and identifies a variety of patterns in the data. Chapter 6 goes further as to draw upon OLS regression methods to explore the interaction between cultural support for SERP and the resources hypothesised to facilitate its realisation.

Chapters 7 and 8 present the findings of two in-depth case studies conducted after the quantitative analysis, in order to investigate further into SERP implementation. Chapter 9 cross-examines the findings of each individual case in order to identify empirical regularities (Helfat, 2007) as well as their similarities and differences with theory. Chapter 10 discusses findings in the extant literature in light of this study's empirical findings and its theoretical approach. Chapter 11 draws the thesis to a close by detailing the study's key findings in relation to the research question, presenting the limitations of this thesis as well as outlining some areas for future research.

Figure 1: Structure of the thesis



2 Literature Review

2.1 Introduction

This chapter critically reviews the extant literature covering socially and environmentally responsible procurement (SERP). The review evaluates the various genres of theoretical and methodological approaches to SERP. It also details the findings of empirical studies in the literature. First, a bibliometric approach is taken, providing a holistic overview of the literature. Qualitative detail is subsequently provided in the thematic analysis of the same body of literature. These analyses serve as a backdrop to the discussion of future research agendas and the study's research questions.

The procurement profession has moved away from its former status of a routine necessity with functionality at its core over to a more professional aspect of an organisation that is able to add value and contribute to competitive advantage. Its contribution to organisational objectives, therefore, is a fertile ground for more in-depth research. This increased level of importance has been reflected empirically in the rise of industry associations such as the Chartered Institute of Purchasing and Supply (CIPS) of which the body of members has grown to over 54,000 members since 1932 (CIPS, 2009). It has also been reflected in the literature, with contributions examining more than dyadic, transactional relationships, to include flexibility and agility in the supply chain (Fisher, 1997), raising awareness of the different types of purchases (Kraljic, 1983), waste reduction and lean supply chain management (Womack and Jones, 1996; Mason-Jones and Towill, 2000; van Weele, 2005) and the advantages of pan-profession relational ties and professional networks (Harland and Knight, 2001; Cousins *et al.*, 2006). This draws upon the emergent concept of competing supply chains as opposed to organisations competing as individual entities (Harland, 1996; Lambert and Cooper, 2000).

The increasing intensity of research in this field highlights other underdeveloped research opportunities located at the overlap between corporate social responsibility and supply chain management. Studies at this overlap frequently address either the environmental or social dimensions of CSR. Prominent examples of this are green supply chain management (GSCM) (Lamming and Hampson, 1996; Sarkis, 2003) and

purchasing social responsibility (PSR) (Carter, 2005). A synthesis of these dimensions is not a prominent feature of the literature and indicates an opportunity for further research. The influence of purchasing professionals in this area is clear, albeit linked to the varying degrees of the profession's importance within the organisation (Green *et al.*, 1998). Procurement managers are in a capacity to influence the materials procured (Zsidisin and Siferd, 2001) and are able to respond to the increasing stakeholder and market pressure to adopt more responsible practices to an ever increasing degree (Pagell *et al.*, 2007).

The aim of this systematic literature review is twofold. Firstly, as mentioned above, the SERP literature is an emergent one. Therefore, following the rationale of de Bakker *et al.* (2005), the analysis of the extant literature provides theoretical and empirical coherence. It also hinders the fragmentation caused by *ad hoc* contributions to the literature (*ibid.*). Secondly and in the same vein, an analysis conducted in this way highlights areas in which an original contribution can be made that emerges naturally from extant research efforts.

2.1.1 *Structure of the literature review*

The structure of this chapter guides the study toward comparatively underdeveloped issues in the literature, some of which shall serve as the basis for the subsequent chapters of this thesis. The review begins by detailing the steps taken to identify relevant articles; to classify these articles for bibliometric analysis and to identify themes for thematic analysis. These analyses are the body of this chapter and are followed by a detailed description of future research opportunities. From this, the research question for the thesis emerges.

2.1.2 *Background of bibliometric analysis*

Closely linked to the notion of a statistical bibliography (Hulme, 1923), the term 'bibliometrics'⁸ was first coined in Alan Pritchard's (1969) research note, "Statistical bibliographies or bibliometrics?". Pritchard revived the then previously neglected

⁸ Defined as the act of "[shedding] light on the processes of written communication and of the nature and course of development of a discipline (in so far [*sic.*] as this is displayed through written communication), by means of counting and analyzing the various facets of written communication" (Pritchard, 1969).

technique arguing that Hulme's term was in fact a misnomer, insofar as it was "clumsy, not very descriptive, and [could] be confused with statistics itself or bibliographies on statistics" (Pritchard, 1969: 348; *see also* Broadus, 1987). In its stead, he offered the since widely-used term 'bibliometrics' to describe any numerical analysis of written communication.

The term came to substitute its predecessor, 'statistical bibliography', very quickly and has been revived in recent years in a variety of literatures, from management (*e.g.* Podsakoff *et al.*, 2008) to public health research (*e.g.* Clarke *et al.*, 2007). In the wider corporate social responsibility/performance literature, de Bakker *et al.* (2005) employed bibliometrics to review these literatures and identify the evolutionary progress of the field.

The authors achieve this by identifying how widespread relevant studies are and the publishing frequency of authors in the field. They also take into consideration the contribution of each study, whereby the theoretical, prescriptive or descriptive nature of the literature is determined and needs for future research identified.

Bibliometric analysis alone, however, is inadequate. Although it provides useful insights into the nature of the body of literature, it explores meta-level attributes (at the 'literature' level of analysis) at the expense of the actual issues raised in studies that constitute that literature. Following Burton's (2000) guidance to social science researchers, qualitative detail of the literature is provided in a thematic format.

This method of arranging the information highlights both theoretical and empirical issues. 'Techniques to identify themes' are provided by Ryan and Bernard's (2003) comprehensive review. The authors have brought these techniques together from a variety of social science disciplines and theoretical perspectives, a combination of which is used in the current study and explained in the following section.

2.2 Method

This section presents the methods used to identify, collect and analyse relevant peer-reviewed articles in the SERP literature. Notable components of this section are, firstly,

that it provides the definition of SERP used in the thesis and, secondly, that it discusses in detail the background and use of studies' epistemological orientation.

2.2.1 Defining SERP

Defining SERP is necessary to characterise not only *exactly* what it is that constitutes the subject but also to understand the criteria used to include and exclude sources in the current review. A definition also serves not only to unify thought and perspective on the subject but also to make the data to be analysed more manageable by narrowing the scope of study (Nicholas and Ritchie, 1978).

Many studies have appeared to examine solely environmental or social issues in the buyer-supplier relationship. Those that acknowledge both sets of issues have a marked tendency to favour one or the other⁹. This thesis aims to place equal degrees of emphasis on environmental and social issues, therefore studies approaching one or both, regardless of issue prominence, were admitted for review with the aim of recognising both sides of the literature. Omitted, however, were those studies that concentrated on other types of ethical issues that only directly affect the buyer or supplier with no immediate or direct effect on the environment or society. Examples of these studies include Arbuthnot's (1997) concentration on misleading vendor practices and Millington *et al.*'s (2005) examination of gift giving and corruption in buyer-supplier relationships.

The concept of the supply chain, in terms of sphere of control and influence, are understood to be contained in the buyer-supplier relationship. The role of environmental and social issues in the supply chain warrants caution, as the term 'supply chain' often conjures images of an organisation's obligation to control such issues from raw material to a finished, refined consumable good. Questions do indeed exist about how far the responsibility of the focal organisation extends along the supply chain (Amaeshi *et al.*, 2008) and that, in any case, the more powerful party in a buyer-supplier relationship may have the moral responsibility to pass associated pressures along the supply chain (*ibid.*; see also Stannack, 1996). This gives rise to a narrower

⁹ *e.g.* Beske *et al.*, 2008 (environmental emphasis); Carter and Jennings, 2002, 2004 (social emphasis)

understanding of what the supply chain is, in terms of transmitting social and environmental responsibility.

A synthesis of these issues allows a definition of the literature used in this review to emerge. Studies on SERP admitted into the review *focus on social and/or environmental issues in the buyer-supplier relationship of profit-driven organisations.*

2.2.2 Article identification

An initial set of keywords was identified through an exploratory reading of the literature (*e.g.* Carter and Carter 1998; Carter, 2005) at the outset (see Hoejmosse and Adrien-Kirby, 2012). This set of keywords was extended during the literature search, which was conducted in online journal databases, including EBSCO Business Source Premier, ISI Web of Knowledge, SSRN and Emerald (*ibid.*). This literature review also referred to the references of resultant studies as well as the citation maps courtesy of ISI Web of Knowledge (*ibid.*).

As SERP is an emergent field, the scope of this literature review was increased by removing time period parameters until December 2010. The scope was also increased by using a variety of keywords to search peer-reviewed scholarly journals in the English language (Table 1**Error! Reference source not found.**).

Clearly, some articles were excluded from the final body of reviewed literature. The main reason for this was the difference in emphasis and any other deviance from the definition stipulated above. Whilst studies were not excluded on the basis that they examined only one of the two SERP dimensions (social *or* environmental), emphases were often placed on environmental or social management *outside* of the procurement function or on wider issues of corporate social responsibility within the function. These constitute the main reasons for the exclusion of studies. Editorials were also found in the literature search (*e.g.* Seuring *et al.*, 2008; Jayaraman *et al.*, 2007) that were also excluded from the review. Progressively, some combinations of these search terms duplicated results that had appeared in previous searches. This gave rise to the author's satisfaction that the literature had been comprehensively captured. The result of this method was a population of 214 relevant studies.

Table 1: Literature search keywords (adapted from Hoejmose and Adrien-Kirby, 2012)

<p>Suppl* or Supply Chain or Supplier Selection or Internatiuonal Sourcing or Buyer-Supplier Relation* or Inter-organizational Relation* or Sourc* or Outsourc* or Purchasing or Procurement or Buy* or Distribut* or Logistic*</p>
AND
<p>Corporate Social Responsibility or CSR or Corporate Responsib* or Business Ethics or Governance or Ethic* or Unethical or Moral or Environment* or Sustainab* or Ecolog* or Green or Pollut* or Recycl* or Closed Loop or Environmental Management Systems or ISO 14001 or SA 8000 or Child Labour or Labour Conditions or Labour Standards or Human Rights or Discrimina* or Corrupt* or Bribery or ETI or Code of Ethics or Code of Conduct</p>

2.2.3 Article classification

The information taken from the body of articles was tabulated in keeping with some common factors among the relevant articles. These were author, journal, methods employed, level of analysis, focal nation and the character of the studies' findings (see Table 3**Error! Reference source not found.**). 'Epistemological orientation' (de Bakker *et al.*, 2005), which informed the bibliometric results, was also included (see Table 2). A brief insight into epistemological orientation is now provided.

2.2.3.1 Epistemological Orientation

Following de Bakker *et al.*'s (2005) review of 'research and theory on corporate social responsibility and corporate social performance', this review categorises articles into six distinct areas according to their contribution to theory (see Table 2). The aim of this exercise was to expose the theoretical nature of the SERP literature and to understand where the literature is in need of further development.

Barley *et al.* (1988) observed that the literature constitutes three genres of research: theoretical, prescriptive and descriptive. De Bakker *et al.* (2005) extend this by subdividing the literature using pre-defined terms (see Table 2) into a six-level

typology. ‘Theoretical’ papers (Barley *et al.*, 1988) are defined as those contributing to the understanding of the phenomenon at an abstract level. De Bakker *et al.* (2005) further refined this typology. Were the contribution of the paper based on data, the paper would be classified as either *exploratory* (using data to provide propositions and expected relationships in future studies) or *predictive* (using data to test a set of hypotheses or propositions). If data were not part of the paper’s focus, it would be *conceptual*: a paper that provides expected relationships but through the examination of previous theoretical contributions.

Table 2: *Classification scheme for epistemological orientation of papers (adapted from de Bakker et al., 2005)*

<i>Typology by Barley et al. (1988)</i>	<i>Extension developed by de Bakker et al. (2005)</i>	<i>Focus</i>	<i>Main feature</i>
<i>Theoretical</i>	<i>Conceptual</i>	Development of propositions or hypotheses	The result is based on literature not on new empirical material
	<i>Exploratory</i>	Development of propositions or hypotheses	The result is based on new empirical material not on literature
	<i>Predictive</i>	Testing of propositions or hypotheses	The result is based on new empirical material not on literature
<i>Prescriptive</i>	<i>Instrumental</i>	Prescribing to practitioners an idea or course of action	To aid practitioners achieve a desired goal
	<i>Normative</i>	Prescribing to practitioners an idea or course of action	To communicate an ethically, morally or religiously valuable opinion or message
<i>Descriptive</i>	<i>Descriptive</i>	Reporting fact or opinion	No intention of contributing to theory or prescription

De Bakker *et al.* (2005) continued to define ‘prescriptive’ papers as either *instrumental* or *normative*. The value of the former stemmed from its contribution of practical steps practitioners could take toward the attainment of a goal, such as improved performance. The value of the latter, on the other hand, lies inherently in their prescription based on ethical, moral or religious foundations.

The sixth and last classification is *descriptive*: a paper, of which the sole goal is to report data or opinion, to contribute towards neither theory nor practice.

2.2.3.2 Classification concerns and remedies

Particular attention was paid to two emerging issues throughout the classification of studies. The first is confusion over classification. Handfield and Baumer's (2006: 44) study was clear in stating that, "Given the lack of research [...], an exploratory approach was employed that involved interviews with company executives." In such examples, the alignment between the authors' assertions and the goals of the article matched the definition offered by de Bakker *et al.*'s (2005) typology.

However, other articles proved problematic. It was stated in one study, for example, that "In line with the exploratory approach taken, the data analysis stays on a descriptive level." (Beske *et al.*, 2008: 72, emphasis added). Similarly, Pagell *et al.* (2010) refer to Pagell and Wu's (2009) study as a descriptive one; the latter, however, clearly develops propositions from qualitative data collected in 10 exemplar case studies. In such cases, particular care was taken to be consistent with the typology's definition rather than to the study's assertions.

Table 3: Sample of bibliometric analysis table (Hoejmose and Adrien-Kirby, 2012)

Author	Year	Epistemological Orientation (as defined by de Bakker et al. (2005))						Method						Issue orientation			Level of Analysis	Focal Nation
		CON	EXP	PRE	INS	NOR	DES	Quant	Qual	Mixed	Theo.	Case	Lit/2 data	Environmental	Social	Mix		
Canning and Hanmer-Lloyd	2007			✓					✓					✓			Organisation	UK
Carter	2005			✓				✓							✓		Organisation	USA
Carter	2004	✓						✓							✓		Organisation	USA
Egels-Zandén	2007						✓		✓			✓			✓		Organisation	China
Green et al	2000						✓						✓	✓			Organisation	UK
Handfield et al.	2005				✓				✓					✓			Organisation	Multi
Kovacs	2008		✓						✓			✓		✓			Organisation	Finland
Lillywhite	2007						✓					✓			✓		Organisation	China
Lim and Phillips	2008						✓		✓			✓			✓		Organisation	Multi
Locke et al.	2006			✓									✓		✓		Organisation	Multi
Maignan et al.	2002				✓						✓				✓		Organisation	Multi
Maloni and Brown	2006						✓						✓			✓	Industry	USA
Manic	2005		✓						✓						✓		Organisation	Global
Pagell and Wu	2009		✓						✓			✓		✓			Organisation	USA
Pagell et al.	2010		✓						✓			✓		✓			Organisation	USA
Park-Poaps and Rees	2010			✓				✓							✓		Organisation	USA
Pedersen and Andersen	2006				✓				✓			✓			✓		Organisation	Denmark
Preuss	2010						✓		✓				✓			✓	Organisation	UK
Preuss	2009						✓			✓					✓		Organisation	UK
Preuss	2007		✓						✓			✓		✓			Organisation	UK
Preuss	2005						✓		✓					✓			Organisation	UK
Roberts	2003	✓											✓			✓	Industry	Multi
Roloff and Asslaender	2010						✓		✓			✓	✓		✓		Organisation	China
Salam	2009			✓				✓							✓		Organisation	Thailand
Simpson and Power	2005		✓						✓			✓		✓			Organisation	Australia
Walker et al.	2008		✓						✓			✓		✓			Organisation	UK

CON - conceptual; EXP - exploratory; PRE - prescriptive; INS - instrumental; NOR - normative; DES - descriptive.

The second concern is the issue of mutual exclusivity of these typologies. This is to say that remaining consistent with the definitions gave rise to the possibility of classifying a paper in more than one category. Although without explicit guidance on this point, de Bakker *et al.* (2005) imply through their preferred method of data representation (histograms and line graphs) that papers were classified in only one category.

Could examples exist of research papers in the field of SERP that straddle two or more definitions? Indeed, with certain studies, this was the case. One example is a study by Min and Galle (1997: 16), which was initially taken as an instrumental piece of work, as it contained fairly precise prescription regarding what organisations can do in order to “develop more aggressive, proactive environmental audit programs”. However, upon closer inspection, the paper was reclassified as a descriptive piece of work, as the fundamental research questions underpinning the study were of a descriptive nature, *e.g.* “Do state and federal environmental regulations significantly influence green purchasing efforts?” and “What kinds of green packaging materials are available?” (*ibid.*: 11-12). It was precisely due to such subtle indicators of the papers’ correct classification that the researcher was diligent in assigning the paper to the correct epistemological stance, by concentrating on the aim of the paper.

2.2.4 Theme identification

Following Ryan and Bernard (2003), the thematic analysis is conducted using two defining features. The first is an inductive qualitative analysis, as the researcher is not in a position to anticipate all of the themes before the analysis was conducted (Dey, 1993). The second defining feature is the use of the prevalent scrutiny techniques, as advised by Ryan and Bernard (2003): repetitions, and similarities and differences.

These were then processed using ‘cutting and sorting’ (Ryan and Bernard, 2003), whereby each paper was subjected to Ryan and Bernard’s (2003) definition of a theme, *i.e.* statements were subjected to the question, “What is this expression an example of?” (*ibid.*: 87). Posing this question facilitated the identification of the same theme expressed in differing ways. An example of this includes ‘top and mid-management

support' being expressed as either 'senior management's consent *or* agreement', or the description of an action being 'organisationally sanctioned' or indeed as 'pressure' from senior management.

2.2.4.1 Repetitions

Otherwise known as 'recurring regularities' (Guba, 1978), they identify a theme by its repeated occurrence, including alternative expressions, in the literature. Ryan and Bernard (2003) offer no guidance regarding how many repetitions of a particular issue warrant the creation of a theme; they state that this "is an open question and one only the investigator can decide" (*ibid.*: 89). Therefore, two occurrences (one repetition) of an issue were deemed sufficient. The fragmented result necessitated the subsequent grouping, in order to aid presentation of results.

2.2.4.2 Similarities and Differences

Similarities and differences were identified using a comparative method that sought not only 'what the expression is an example of' but also "How is [this] expression different from or similar to the other?" (*ibid.*: 91). This technique, as suggested by Ryan and Bernard (2003), can give rise to the identification of the same theme expressed in different ways and therefore the use of subthemes may be appropriate. Indeed, this occurred during the process of analysis, for example, which identified 'economic (dis) advantage' as a theme. It subsequently emerged that this theme had been presented as a driver and barrier (before engagement in SERP activities) and also as a consequence (after engagement in SERP activities).

2.2.4.3 Cutting and Sorting

A variant of *cutting and sorting* was used as the technique to process the 'repetitions' and 'similarities and differences'. Consistent with the decision that two occurrences of an issue warranted the creation of a theme, Ryan and Bernard (2003: 95) recommend that for "the first exploratory step in the data analysis, investigators are most concerned with identifying as wide a range of themes as possible. In later steps, they will need to address the issue of which themes are the most important and worthy of further

analysis.” The researcher approached this by assigning a number to each emergent issue at the time of its second occurrence in the literature and associating the number to each contributory study. The resultant themes were listed and subsequently grouped into larger themes. An example of this is the identification of ‘governmental regulation’ and ‘ISO Standards’, which were later grouped under ‘Regulation’.

The distinction between the literature on SERP and that of wider corporate social responsibility is noted (see definition). However, as Carter (2004) affirms, research on the wider issue may provide a valuable contribution to the former and, as such, is considered in the review where deemed informative.

2.2.5 Summary

This section has provided an explanation of the process undertaken to identify and classify articles in the SERP literature. It explained that a predominantly electronic journal search was carried out, using a wide variety of keywords and that guidance was sought from de Bakker *et al.* (2005), in order to analyse the information in a systematic manner. The methods used to identify the themes emerging from the literature, as offered by Ryan and Bernard (2003), were also detailed. These sources of analytical methods gave rise to the two modes of presenting the results of this search: bibliometric and thematic. The following section presents the results of the bibliometric analysis of the literature.

2.3 Bibliometric analysis

This section presents the results of the bibliometric analysis.

2.3.1 Introduction

This bibliometric analysis provides a “quantitative description of a literature” (Nicholas and Ritchie, 1978: 9), delineating the epistemological and methodological boundaries of

the SERP literature. These shall be put alongside other characteristics that are indicative of the field's stage of evolution.

There is a high degree of variety in the topics examined in the field combining corporate social responsibility and supply chain management. Some have examined environmental issues (Carter and Dresner, 2001; Carter *et al.*, 1998) and the implementation of environmental management systems (Walton, *et al.*, 1998; Handfield *et al.*, 1997). Others, on the other hand, have focussed on the social aspects of the phenomenon, such as labour conditions (Emmelhainz and Adams, 1999) and the use of codes of conduct (Mamic, 2005; Roberts, 2003; Emmelhainz and Adams, 1999). Various other issues also feature in the literature, which include the importance of 'policy entrepreneurs' (Drumwright, 1994). Scholars have also reported on its application in specific fields and organisations (*e.g.* Maloni and Brown, 2006; Wycherley, 1999), national differences in approaching and implementing practices (Welford and Frost, 2006; Carter *et al.*, 1999; Klassen and Angell, 1998) and the role and diffusion of ISO standards (Castka and Balzarova, 2008; Chen, 2005).

This variety also extends to the efforts made by scholars to theorise ways in which practitioners can engage in SERP to a greater extent. Such theoretical contributions have aimed to aid practitioners and the academic community to integrate environmental concerns into the supplier selection process (Humphreys *et al.*, 2003) and to approach SERP from a perspective grounded in transaction cost analysis, an "area where researchers can actually take the lead and business practices can follow" (Zsidisin and Siferd, 2001: 72). Some authors have indeed responded to this impetus (*e.g.* Welford and Frost, 2006). Further theoretical frameworks have been proposed in the wider corporate social responsibility literature that classify organisations' responsibilities (Carroll, 1979), their acts (Oliver, 1991) as well as the organisations themselves (Wartick and Cochran, 1985). However, despite some findings in the literature that firms are engaging with issues well beyond the boundaries of the firm (Roberts, 2003), a consistent, and industry-level shift *up* into discretionary activity, categories labelled as, for example, 'leading edge' (Roome, 1992) and 'proactivist' (Hunt and Auster, 1990) seems far off.

The following section presents the results of the bibliometric analysis and facilitates a discussion around these aspects of the literature. It explores the current state and preceding evolution of the SERP literature comments on meta-level attributes, providing an insight into the methodological, theoretical and geographical aspects of the literature.

2.3.2 Bibliometric Results

This section demonstrates the findings of the bibliometric analysis.

2.3.2.1 Introduction

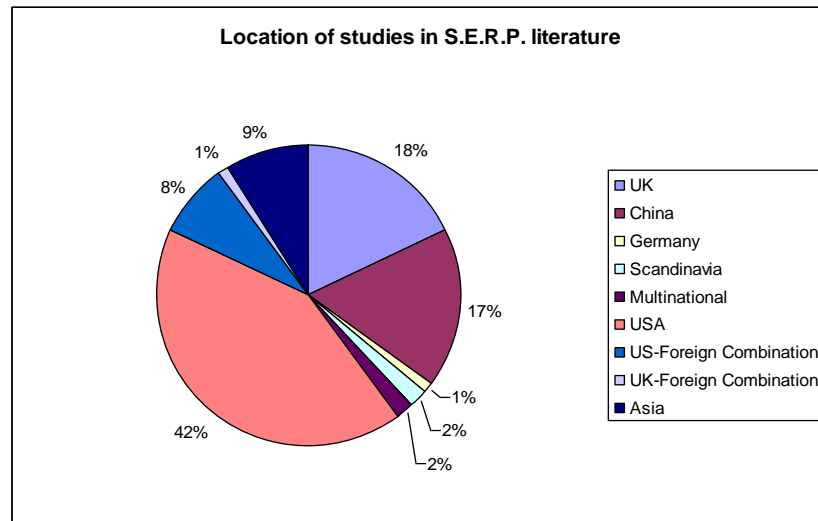
This section begins with the quantitative assessment of the location of studies conducted in the field of SERP activity. It continues to describe the imbalance of the levels of analysis employed by scholars as well as the empirical imbalance between environmental and social studies that has emerged throughout the evolution of the extant literature. The findings subsequently turn to the way in which studies contribute to theory, if at all. This particular section draws upon the typology developed by de Bakker *et al.* (2005), described earlier. From these observations stem the findings regarding the dominant methods employed in the literature as well as the prevalent publications that have contributed most significantly to the field's development.

2.3.2.2 Location and level of analysis

At present, the SERP literature is dominated by scholars in the United States (42%) and in other western nations. The United Kingdom has also been the context of 9% of studies. Studies have also been set into the context other western nations, such as Denmark (Pedersen and Andersen, 2006) and Germany (Beske *et al.*, 2008). With regard to Asian countries, China dominates SERP research (17%). However, considerable opportunities still exist in other areas of Asia (*see* Razzaque and Hwee, 2002; Rao and Holt, 2005). These observations bring to the fore the underdeveloped nature of the SERP literature in developing nations (Figure 2) and highlight the apparent

opportunity to develop theory through contrasting SERP practice in developed with developing nations.

Figure 2: Location of studies in SERP literature



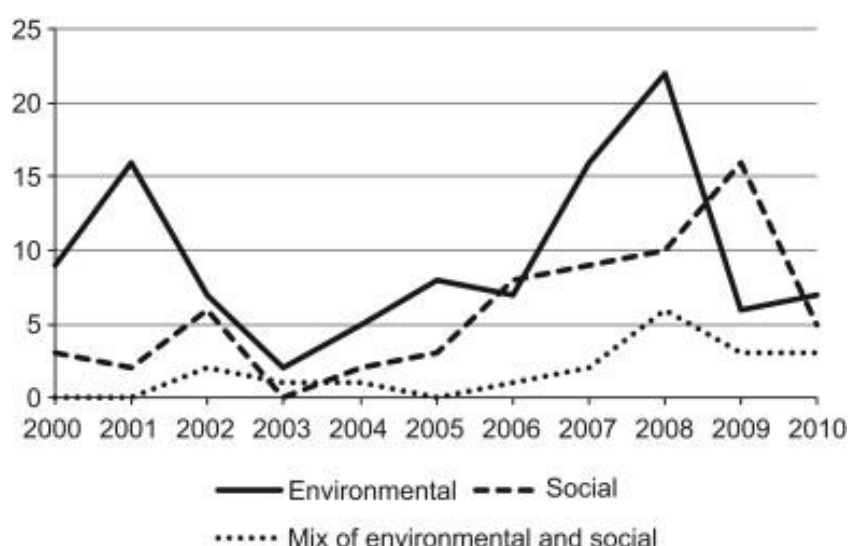
Similar imbalances exist within the ‘level of analysis’, where it is possible to see that studies at the organisational level occupy approximately 81% of the literature (*e.g.* Klassen and Angell, 1998; Zhu *et al.*, 2008a, b&c). A notable paucity of studies at lower levels of analysis can be seen at the individual, plant and professional levels of analysis (*but see* Wood, 1995a, b&c; Razzaque and Hwee, 2002; Vachon and Klassen, 2008). To a large extent, these observations of national context and dominant level of analysis reflect the initial stages of the SERP literature’s development. This is to say that initial research into SERP centred upon organisations in western, developed nations.

2.3.2.3 Environmental versus social focus

The outset of the literature is characterised by an emphasis on environmentally responsible procurement. Owens published the ‘*The purchasing manager’s impact on the environment*’ in 1972, which contributed to the early conception of the field as well as to what was to become the dominating nation forming it, the United States. Scholars

became interested in the social aspect of responsible supply chain management only in the following decade (*e.g.* Felch, 1985). This late start for social issues proved to be an accurate reflection of scholars' attitudes toward the issue and the environmental side of supply chain management has subsequently maintained a higher level of development. This becomes apparent as the number of studies increased in the 1990s. The following graph (Figure 3) shows the development the SERP literature as it began to mature between 2000 and 2010 (Hoejmose and Adrien-Kirby, 2012).

Figure 3: *Chronological evolution of the SERP literature (Hoejmose and Adrien-Kirby, 2012)*



With regard to other areas of focus in the literature, the data demonstrated that 51% of the studies relevant to the current research were concerned solely with environmental issues (*e.g.* Carter and Carter, 1998; Henriques and Sadorsky, 1999; Min and Galle, 1997, 2001). This is in stark contrast to the 26% identified that centred on solely social issues (*e.g.* Kolk and van Tulder, 2002a&b; Mamic, 2005). This trend toward the examination of environmental issues is credibly explained by practitioners' focus on such issues, given external pressure for them to improve their performance in an area that directly affects their customers (Swanson *et al.*, 1998; Carter and Carter, 1998; Walker *et al.*, 2008; see also Zink, 2005). Bowen *et al.* (2001b) also posit that environmental programs ('product-based green supply initiatives') can provide short

term gains by reducing the level of waste whilst simultaneously, from an economic standpoint, cutting associated costs.

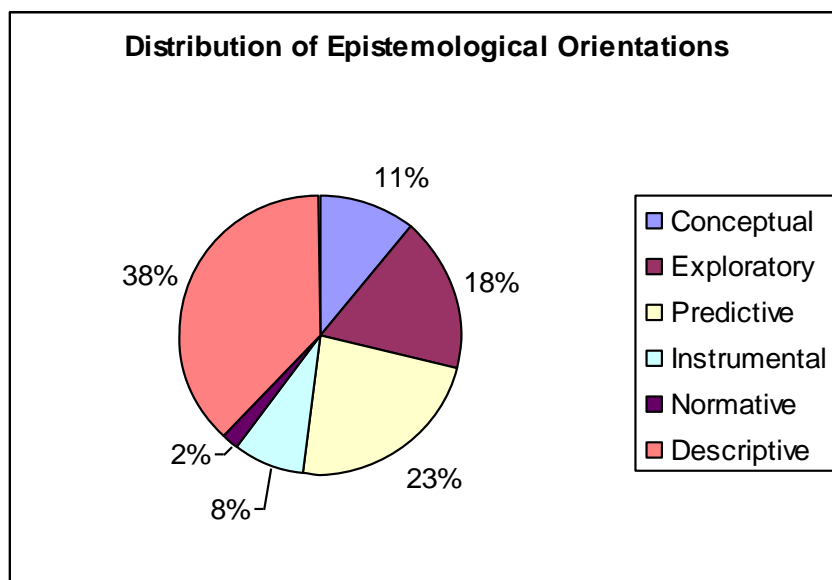
There also exists other empirical evidence showing the level of perceived advantages to be had by implementing environmentally responsible activities. Beske *et al.*'s (2008) study of Volkswagen AG's first-tier suppliers provides evidence that such incentives lie mainly in environmental issues. Concerning social considerations, the same research paper demonstrates that, in contrast to the environmental advantages, the single notable level of perceived advantages in a social context lies in health and safety. Apart from studies approaching either environmental or social issues, there exists a body of research focussing on both topics, yet still placing more emphasis on environmental (*e.g.* Maloni and Brown, 2006) rather than social (*e.g.* Carter and Jennings, 2002) issues.

2.3.2.4 Epistemological orientation

With reference to de Bakker *et al.*'s (2005) typology of epistemological orientation, the literature has some notable underdevelopments (*see* Figure 4). Overall, the literature leans heavily on the 'descriptive' nature of research (38%). Although this genre of research provides valuable insights into the circumstances of a particular industry, company or geographical region, it makes a contribution to neither 'theory' nor 'prescription' (*op. cit.*). Given the theory-building nature of the other types of study, this suggests a literature that is still immature and underdeveloped both conceptually and instrumentally. 'Predictive' and 'exploratory' research constitutes parts of the SERP literature: 23% and 18% respectively.

The distinct paucity of conceptual work in this field (11%) lends support to Forker and Stannack's (2001: 5) concerns that research in this area "lacks a blueprint that can be used to plan, implement and take corrective action [...]. The better this blueprint describes and explains the phenomenon, the more likely it is to manage the phenomenon." Thus, the prevalence of descriptive work suggests that scholars in the field of SERP may not have conceived a complete conceptual framework of the phenomenon.

Figure 4: Distribution of epistemological orientations



2.3.2.5 Methods

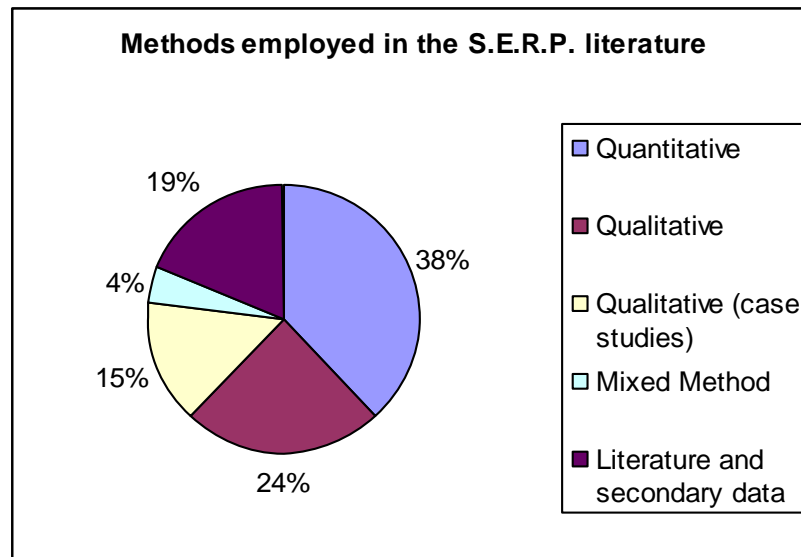
In contrast to de Bakker *et al.*'s (2005) observation of the prevailing positivist ontology in the CSR and CSP literature (*op. cit.*), there seems to exist in the literature covering SERP an overall balance of methodologies (Figure 5). Caution is due, however, as it may not be correctly deduced that methodological balance indicates a corresponding balance of theoretical perspectives. As advocated by Crotty (1998), 'objectivism'¹⁰ is the underlying paradigm beneath the positivist approach, of which the manifestation may indeed be of a quantitative or qualitative nature.

The use of case studies in the literature occupies 15%. All of these focussed on commodities, such as furniture (Handfield *et al.*, 1997; Walton *et al.*, 1998), coffee (Macdonald, 2007), food (Maloni and Brown, 2006) or featured specific manufacturing companies, including Nike (Locke *et al.*, 2007; Lim and Phillips, 2008), The Body Shop (Wycherley, 1999) and B&Q (Green *et al.*, 1998; Preuss, 2000). Hall (2000) branched

¹⁰The view that "things exist as *meaningful* entities independently of consciousness and experience, that they have truth and meaning residing in them as objects ('objective' truth and meaning, therefore), and that careful (scientific?) research can attain that objective truth and meaning." (Crotty, 1998: 5-6).

out into the aerospace industry. Despite the methodological balance (between quantitative and qualitative tools) identified, this description of the literature highlights the lack of attention given to, firstly, mixed methods, case studies, as advocated by Carter and Dresner (2001), as well as studies in the service industry as well as other commodity-centred industries, such as utilities.

Figure 5: *Methods employed in the SERP literature*



2.3.2.6 Contributing journals

As shown in Table 4, it can be seen immediately that the subject of SERP has not as yet gained wider recognition in the general management discipline. Certain journals have shown a tendency to publish research pertaining to SERP more than their counterparts. In this spirit, Table 4 is presented to identify the journals, which demonstratively contribute most (four studies or more) of the research shaping this emergent field. From this, it becomes apparent that the extant research in SERP has been contained in journals publishing in specific fields, primarily logistics, operations and supply chain management.

On this note, striking delineations can be seen in the literature reviewed. The established *International Journal of Purchasing and Operations Management*

exemplifies de Bakker *et al.*'s (2005: 313) statement that “most social science and business journals demand from their authors to frame their contribution in a positivist format”. This is to say that the journal's contribution to the current review does not include any qualitative elements. Indeed, of the other studies returned by the databases, the overwhelming majority of ‘contributions were framed in a positivist format’. This is to be contrasted with the *Journal of Business Ethics* and the *Journal of Cleaner Production*, which seem to put studies using qualitative and mixed methods (quantitative *and* qualitative) on a more equal footing.

Table 4: *Distribution of research papers in the field of SERP among leading journals*

Name of Journal	Research papers
J. Business Ethics	15
J. Cleaner Production	14
Int. J. Operations and Production Man.	8
J. Operations Man.	6
J. Supply Chain Man.	6
J. Business Logistics	6
Int. J. Physical Distribution and Logistics Man.	5
Int. J. Purchasing and Materials Man.	5
Business Ethics Quarterly	4
Business Ethics: A European Review	4
Green Man. Journal Int.	4
Int. J. Production Economics	4
Int. J. Production Research	4

2.3.3 Summary

The bibliometric account of the literature uncovers both strengths and weaknesses of the SERP literature. It includes a wide variety of issues approached by researchers in the field as well as the methodological balance, which is at odds with the wider literature on corporate social responsibility and performance, in which a predominant presence of quantitative tools has been observed (de Bakker *et al.*, 2005).

As demonstrated by Table 4, the bibliometrics reveal that the subject has not yet gained formal recognition in the wider management discipline. This is to say that none of the journals that actively publish in this area are part of the general management literature but, in fact, specialise in either supply chain management or business ethics. In addition to this, it has uncovered six issues for consideration.

1. The dominance of studies drawing on samples of US-based industries. With less than one fifth of studies examining phenomena in the UK, China and multinational contexts, more can be learnt from industries constrained by differing institutional frameworks.
2. The predominance of ‘descriptive’ papers, as defined by de Bakker *et al.* (2005), which report fact or opinion and, most importantly, do not aim to contribute to theory. These have dominated at the expense of theory-building studies, notably conceptual, instrumental and normative.
3. The lack of ‘instrumental’ papers (de Bakker *et al.*, 2005) and that SERP researchers can indeed do more to guide the actions of practitioners.
4. 60% of the relevant studies have examined solely environmental issues. This is in contrast to the 20% that concentrated solely on social issues. This is indicative of the paucity of studies that consider or compare approaches to *both* environmental *and* social issues.
5. The lack of attention given to mixed methods. Despite the balance between studies employing solely quantitative or qualitative studies, only 4% of the studies reviewed drew upon both to examine the same phenomenon.
6. The lack of attention given to the potential contribution of case studies. Given the social nature of sustainability initiatives (Linton *et al.*, 2007) and the significant differences between organisational culture and practice (Saini, 2010),

case studies have great potential to contribute to the theory in the SERP literature.

The following section presents the emergent themes in the literature thematically and serves to provide deeper insights into the foci of the literature against the backdrop of this bibliometric analysis.

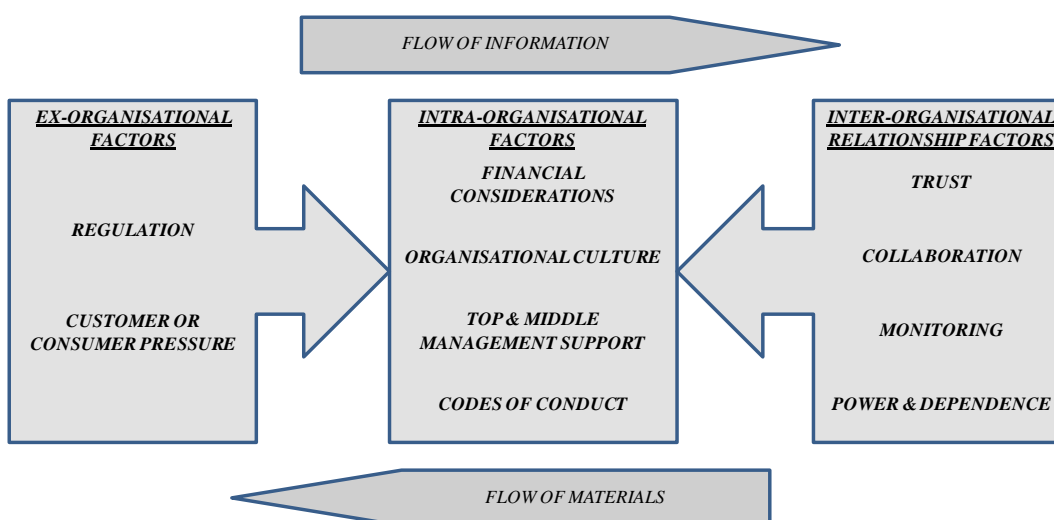
2.4 Thematic Analysis

This section presents the results of the thematic analysis.

2.4.1 Introduction

The thematic analysis provides an in-depth review of the extant research into SERP. It is also a starting point to untangle some of the developing debates and to present in some detail the various internal and external factors exposed in the literature. Following Dey (1993), this analysis took the form of an inductive study. Throughout, it will become apparent that the extant literature approaches a number of subjects and, as discussed in the bibliometric analysis, from various levels of analysis. Figure 6 depicts ten themes identified in the literature.

Figure 6: Themes identified in the SERP literature



2.4.1.1 Structure

The structure of this section is based on the ‘location’ of the theme. It starts with external factors influencing the focal (buying) organisation’s level of SERP engagement (indicated in Figure 6 by ‘ex-organisational factors’). The analysis continues by discussing *intra-organisational* issues. The analysis moves on to consider issues that are found in the buyer-supplier relationship.

2.4.2 Ex-organisational factors

This section presents the factors identified in the literature that lie outside of the focal organisation.

2.4.2.1 Regulation

Although Green *et al.* (1996) play down the effect of governmental regulation, claiming that it is an ubiquitous driver of greener supply chain practices and therefore a stimulus that affects every organisation¹¹, Carter and Ellram (1998) state that certain supply chain initiatives are able to minimise the effect of governmental regulation on organisational practice, as they surpass the demands of governmental legislation. This, in the light of previous arguments, would suggest that government regulation is not only ubiquitous but also more enforced under some circumstances than others. This implies that governmental regulation can act as a driver for more enhanced environmental management, as shown in many anecdotal accounts (Cairncross, 1992; Livingstone and Sparks, 1994) as well as other studies advocating a positive relationship between legislation and a firm’s environmental activity (Min and Galle, 1997; Peattie and Ringler, 1994).

Despite this positive take on the effects of legislation, other scholars have treated legislation as ‘the minimum’ and have thus ‘taken for granted’ that firms will at least abide by the laws of the country within which they operate (Handfield *et al.*, 1997). In

¹¹ cf. Davis’ (1973: 313) assertion that a “firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do.”

this vein, doing just that has earned organisations the label of a ‘reactive’ business (Handfield *et al.*, 1997). This is to say that their introducing green practices to the supply chain was done as a result of regulation¹² (*ibid.*).

Min and Galle’s (1997) survey of over 500 U.S. procurement managers ranked the key factors affecting supplier selection. Governmental regulation (also noted to be the second most salient future concern for purchasing managers [Monczka and Trent, 1995, in Carter *et al.*, 2000]) was in the top ten. Governmental regulation has been seen to be a determinant for engagement with environmentally responsible practice (Stafford, 2002) and a precursor of company inspections and audits (Henriques and Sadorsky, 1996). This is supported by Min and Galle (2001), who noted the positive relationship between managerial perception of regulatory importance and their degree of engagement in green purchasing strategies. Thus, proactive environmental practice is likely to be the result of a proactive stance toward environmental regulation. However, it is possible that firms merely seem proactive when the reverse is closer to the truth. Indeed, the cost of making implicit claims¹³ (cf. Arora and Cason’s [1996] ‘green image projection’) for organisations perceived by government officials to be active in responsible practices may be lower than acting on their claims (Cornell and Shapiro, 1987; Carter *et al.*, 2000; Maignan and McAlister, 2003).

Findings contradicting governments’ role have lent support to Green *et al.* (1996) by demonstrating that the role of the government has a decidedly weaker influence on SERP implementation than do other external sources of pressure, such as the consumer body (Carter and Carter, 1998). Governments may even act as a barrier to the improvement of environmental performance (Walley and Whitehead, 1994). The solution posited by Porter and van der Linde (1995a&b) is that legislation should adopt an output oriented perspective and encourage the use of innovation to respond to this change; rather than mandating certain frameworks or methods that may be a financial hindrance to organisations. Businesses exceeding the standards set by legislation

¹²Organisations are only promoted to being ‘receptive’ to integrating environmental initiatives into the ‘value chain function’ once their focal stimulus for doing so lies in their market-oriented stance.

¹³ A “company’s promise to government officials of environmentally friendly operations” as opposed to *explicit* claims, for example “environmental regulations” (Carter *et al.*, 2000: 221)

(Arora and Cason, 1996) may adopt regulatory practices formulated in-house and integrated into the requirements expected of (potential) suppliers (Beamon, 1999). These include the ISO 14000 series, which requires suppliers to implement six distinct practices.

1. an advance (*sic.*) environmental impact analysis of all new activities, products and processes;
2. a continuous environmental impact assessment of current activities, products and process (*sic.*);
3. standards and objectives, that include policies for pollution prevention and waste minimization, that are defined for and continuously improved at every organizational level;
4. numerical targets and monitoring procedures for each identified objective;
5. procedures to be followed in the event of non-compliance with established environmental policies, and in cases of accidental discharge;
6. procedures to ensure that suppliers and contractors working within or associated with organizational facilities apply environmental standards equivalent to organizational standards.

Beamon, 1999: 335

2.4.2.2 Customer/consumer pressure

Arora and Cason (1996) explain firms' over-compliance with regulation as a response to consumer pressure by presenting a 'green' image. At times, firms project this image through targeted strategic reactions to specific pressures (Handfield *et al.*, 1997). Additionally, the academic bias toward the examination of environmental issues is credibly explained by the practitioners' focus on such issues, given the degree of external pressure for them to improve their performance in an area that directly affects their customers (Swanson, 1998; Carter and Carter, 1998; Zink, 2005; Walker *et al.*, 2008). The importance of consumer pressure (or the market orientation of the firm) has also been substantiated in Handfield *et al.*'s (1997) study of the furniture industry, in

which businesses that are seen to respond to their customers' call for greener products are promoted from 'reactive' to 'receptive' businesses.

Through this line of reasoning, it becomes apparent that the difference is that organisations acting as consumers are *organised*. This characteristic enables businesses to put the aforementioned legislative pressure into effective practice; to exercise systematic pressure on their suppliers; and to impose greater costs on their targets (Giugni, 1998).

2.4.3 *Intra-organisational factors*

This section presents the factors identified in the literature that lie within the buying organisation.

2.4.3.1 **Financial considerations**

Financial advantage is a salient consideration in the decision to engage in responsible practices (Hervani *et al.*, 2005). Building on research into the effect of corporate social responsibility on firm performance (*e.g.* Waddock and Graves, 1997), more recent SERP research has moved away from SERP's internal antecedents and towards attempts to determine whether the effect of such practices on firm performance warrants their adoption (Carter *et al.*, 2000a; Carter, 2005).

Presented as a driver for organisations to engage in environmental purchasing, Carter and Dresner (2001) identify that 'a support to reduce costs' was present in both groups of successful and unsuccessful environmental initiatives studied in their sample. The authors (*ibid.*) defined 'success' as a decrease in costs *and* an increase in environmental performance. However, Carter and Dresner (2001) also observed that a significant difference exists in the origin of this support. Managers – initiating projects that later proved unsuccessful – were seen to set their sights on short-term, leverage-focussed goals. The study's qualitative data provided an insight into the *long-term* horizon employed by managers whose initiatives were later successful despite any unclear

reasoning shown in the comments of one manager attesting that “maybe you can’t put your finger on it today, but [pollution] costs you somehow” (*ibid.*: 16).

Carter (2005) exposes that one possible reason for ‘not being able to put one’s finger on it’ is that the reduction of costs of responsible supply chain practices is mediated¹⁴. Carter’s (2005) study examines the mediating effect of organisational learning on supplier performance and, ultimately, cost reduction. Previous studies have also made the connection between green supply and a firm’s internal characteristics. Bowen *et al.* (2001a) argued, for example, that green supply may be better explained by the enhancement and targeted use of an organisation’s internal capabilities. Carter’s (2005) model also explains how an organisation making simultaneous efforts both to increase its purchasing social performance¹⁵ and to learn about its own production processes will benefit from future cost reduction. Theoretically, this is congruent with the resource-based view of the firm (Pfeffer and Salancik, 1978; Barney, 1991). However, the cost reductions proposed by Carter (2005) may well prove insignificant compared to the costs exposed in other areas of the literature that are incurred through an organisation’s efforts to improve its responsible practices.

The CSR literature has also shown that costs incurred in the improvement of responsible practices, such as employee welfare programs, have had an adverse effect on a firm’s financial performance (*e.g.* Bragdon and Marlin, 1972; Walley and Whitehead, 1994; Barbara and McConnell, 1990) or, perhaps no relationship at all (Alexander and Buchholz, 1978; Abbott and Monsen, 1979; Aupperle *et al.*, 1985).

Indeed, Cooper *et al.* (1997) found that industry competition, intense enough to force owners and managers to focus their efforts on the bottom line and not on business ethics, is the most major ethical challenge for a sample of qualified purchasing personnel in the United States (*see also* Bowen *et al.* [2001b] who outline additional

¹⁴This also, along with different manners of operationalisation of the variables in different studies according to Carter (2005), may have given rise to the mixed findings in the literature.

¹⁵This constitutes, according to Carter (2005), supplier diversity, the environment, human rights, philanthropy and safety in both the suppliers’ locations as well as the product transportation process.

short term costs, such as data collection and processing and aiding suppliers to meet environmental goals).

Studies have nonetheless emerged in support of Carter's (2005) empirical finding that financial benefits *are* possible for organisations engaging in more responsible purchasing practice. Carter (2000) disagrees with Min and Galle's (1997) finding that the main obstacle to meaningful green purchasing practice is the managerial perception that both environmental programs and recycling are uneconomical. Carter and Jennings (2002: 46) also contribute the positive direct as well as mediated relationship between purchasing social responsibility and supplier performance, which suggests that it is "more than just window dressing [... but rather an act from which] direct tangible benefits result in the form of improved supplier quality, lead times, and efficiency".

It has also been suggested that the inverse may be equally as likely: that an increase in responsible practice is the result of an increase in financial performance. In support of and furthering studies advocating a positive correlation between corporate social responsibility and financial performance, Waddock and Graves (1997) posited that responsible practice depends on financial performance; that firms will engage in responsible practice in accordance with their financial success. In this regard, they lend support to the theory of slack resources (McGuire *et al.*, 1988), which posits that the opportunity for organisations to invest in responsible practices originates from the presence of 'slack' (excess) resources (Waddock and Graves, 1997; Florida *et al.*, 2001; Bowen, 2002).

However, interchanging financial and CSR performance as the dependent variable suggests that "there *may* be a simultaneous and interactive impact" (Waddock and Graves, 1997: 314). Waddock and Graves (1997) also comment on the possibility that changing a company's behaviour could also lead to *institutionalising* new behaviour. Although the behaviour may stem from the support to improve reputation and to avoid negative publicity, its continued practice may "result in *actual* improved attention to key external and internal stakeholders..." (*ibid.*: 314; *see also* King and Lennox, 2001).

Similar to Waddock and Graves' (1997) suggestion of a reversal of the causal link between the improvement of stakeholder management and a firm's behaviour, Carter (2005) uses the purchasing function as a testing ground to suggest that previously conflicting findings with regard to the effect of purchasing social responsibility on firm performance could be the result of having omitted the mediating variables of organisational learning and supplier performance. Indeed, he states that, "PSR does, ultimately, lead to improved financial performance in the form of cost reduction" (p. 187).

A partial explanation of Carter's (2005) assertion is offered by Pagell *et al.* (2007), who demonstrate a strong positive correlation between environmental management and responsiveness performance. The authors link this to advocates of just-in-time (JIT) practices in environmental management (*e.g.* Klassen, 2000) and their support for processes with fewer stages. Pagell *et al.* (2007) posit that there are advantages in engaging more directly with environmental management. Adopting these processes, however, must be carefully considered given the scale of change as well as the argument that firms tend to experience financial disadvantages in the short term for implementing more enhanced environmental practice (Wagner, 2001). Even if a firm were to be willing and able to withstand such a financial setback, evidence for economic performance in the longer term shows positive results "for some measures [...] but negative for others" (Wagner, 2001: 105).

2.4.3.2 Organisational culture

Firms are becoming increasingly aware of the importance, despite the difficulties, of demonstrating their commitment to CSR (Lindgreen and Swaen, 2010). A study conducted by Cooper *et al.* (1997) found that both qualified and non-qualified procurement practitioners rely most noticeably on personal attributes and their business environment to act ethically. Personal attributes include 'personal moral values and standards' and 'family and friends who provide support and insight for [them] in resolving ethical conflicts'¹⁶. The business environment that supports ethical behaviour

¹⁶ These ranked first [for qualified] and third [for non-qualified] out of sixteen potential aids to ethical behaviour.

is characterised, firstly, by ‘the fact that [their] immediate boss does not pressure [them] into compromising [their] ethical standards’, secondly, by the existence of a ‘company policy for ethical conduct in purchasing’ and, thirdly, by a perceived ‘ability to go to [one’s] boss for information and advice on ethical issues’ (*ibid.*).

Zsidisin and Siferd (2001) compare the evolution of SERP with that of total quality management (TQM). TQM is primarily a commercial response to increased competition and consumer demand; it also took over a decade for commercial engagement to be realised. The authors’ (2001) reference to environmental concerns places emphasis on the body of consumers acting as a secondary stakeholder¹⁷, despite their clear role as a primary *economic* stakeholder¹⁸ within the organizational field (Clarkson, 1995). It has been seen in the social movement literature that stakeholders seeking to affect change in organisations should seek to impose greater costs on their targets (Giugni, 1998). However, an overall awareness of social and environmental matters seems to be limited and made harder to focus on still by the perceived distance between individuals and the problem (Zsidisin and Siferd, 2001).

2.4.3.3 Top and middle management support

Mintzberg (1973) has been well-cited in the literature for expounding the role of top management to support and drive an organisation’s efforts. Carter and Ellram (1998) posit, to further Drumwright’s (1994) assertion of the importance of policy entrepreneurs¹⁹, that top management support is crucial for the *continued* success of supply chain initiatives. Their analysis brings them to state that ‘top management support’ would “more than likely prevent continued success if not present” (Carter and Ellram, 1998: 98). Indeed, in a sample of 500, purchasing managers ranked lack of

¹⁷ “*Secondary* stakeholder groups are defined as those who influence or affect, or are influenced or affected by, the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival [*e.g.* the media]” (Clarkson, 1995: 107)

¹⁸ “A *primary* stakeholder group is one without whose continuing participation the corporation cannot survive as a going concern [*e.g.* shareholders, employees and suppliers]” (*ibid.*: 106)

¹⁹ The “defining characteristic [of policy entrepreneurs] is their willingness to invest their resources – time, energy, reputation, and sometimes money – in hope of a future return. The return might come to them in the form of policies which they approve, satisfaction from participation, or even personal aggrandizement in the form of job security or career promotion.” (Kingdon, 1984: 129)

managerial commitment as one of the most inhibitive aspects of engaging in SERP (Min and Galle, 1997).

Other advocates can also be found in the literature on purchasing from minority business enterprises (MBEs) who maintain that top management must be committed to such initiatives (Carter *et al.*, 1999). However, such commitment should not remain purely in verbal and written form; the commitment must be translated into corresponding behaviour in the form of resource reallocation, dedicated to this purpose (*ibid.*). The effect of top management on the purchasing decision is also demonstrated by Cooper *et al.* (1997: 6), who found that the only ethical issue with a mean rating higher than the scale's midpoint was 'showing partiality toward suppliers preferred by upper management'. Preuss (2002) contributes to our understanding of this issue. He asserts that managers' attitudes to social and environmental issues are partially shaped by the education they receive. This is to say that there exists a distinct leaning toward the "mechanistic approach with an emphasis on quick answers and a narrow focus on 'technical' management issues rather than on the wider social context." (*ibid.*: 310).

On a more conceptual note, Lamming and Hampson (1996) note that 'responsible behaviour' can at one end of the spectrum be embedded in the founder's values and business practice can thus be an extension of this. At the other end, 'responsible behaviour' can be regarded as opportune behaviour that would bolster a firm's level of competitive advantage rather than its performance in engaging in social responsibility (*ibid.*).

Cooper *et al.* (2000) findings, moreover, highlight the importance of *middle* management buy-in by demonstrating that 'mid-level [purchasing] managers who are only concerned with their own personal gain and not ethics' ranked in the top ten challenges for all three of the authors' samples in the United States, Canada and the United Kingdom. The statistically significant influence of middle management has also been demonstrated by Bowen *et al.* (2001b), who found that middle management's perception of corporate environmental proactivity and their interest in related activities was positively related to the implementation of green supply strategy.

Walley and Whitehead (1994) explain how mere 'compliance with regulations' and a perceived trade-off between environmental and economic performance exists as a barrier to engagement with such practices. This may originate from the managerial belief that there should not be a price placed on a (previously) abundantly available resource, such as the air (Klassen and McLaughlin, 1996). This is compounded by Min and Galle's (1997) finding that the most highly rated obstacles for purchasing managers to introduce environmental programs are, firstly, their perceptions that they are financially disadvantageous to the organisation and that, secondly, recycling is not economical.

2.4.3.4 Codes of conduct

Roberts (2003) identified four supply chain factors that affect the likelihood of ethical codes of conduct being introduced, including 'reputational vulnerability of network members' and the 'power of different members of supply network' (p.168). Diller (1999) also made reference to 'reputational vulnerability' and argued that this is the motivation for encouraging commitment from members of the supply chain. From a legal perspective, argues Diller (1999), there is a minimum. However, organisations may exceed economic and legal responsibilities because they are oriented toward the market and therefore perceive such 'discretionary' activities as part of their 'economic' obligation to the society, within which the organization functions, with the implicit aim of maintaining legitimacy in those stakeholders' eyes (DiMaggio and Powell, 1983).

Emmelhainz and Adams (1999) advocate the need for better delineation of buyer-driven codes of conduct (*see also* Boyd *et al.*, 2007). The authors note three important features of successful codes of conduct: feasibility, transparency of communication to suppliers and the establishment of enforcement policies (p. 56). This has also been extended by Kolk and van Tulder (2002b), who add to the list, specificity and its combination with alternative arrangements for child workers. Although Emmelhainz and Adams (1999) draw on the ability of multinational corporations (MNCs) to exert considerable pressure on their supply chains, Winstanley *et al.* (2002) remark that stakeholder engagement in the formulation of ethical codes of conduct is a fundamental part of facilitating their

sustainable implementation. Given the observation that codes of conduct are at times seen to be, from the supplier's point of view, 'an instrument of compliance' (Welford and Frost, 2006), the involvement of other industry participants is essential (Roberts, 2003; Winstanley *et al.*, 2002), so as to not raise transaction costs by offering incentives for suppliers to find more favourable trading conditions with another buyer (Williamson, 1985).

The effectiveness of codes of conduct and other such self-regulatory instruments has been questioned in the literature (Sitkin and Roth, 1993; Welford and Frost, 2006) and the effectiveness of the mechanisms through which they are implemented has also come under scrutiny in recent times (Boyd *et al.*, 2007). Although such formalised control mechanisms have been implemented to satisfy a lack of inter-organisational trust and demonstrate one's commitment to such issues to an organisation's stakeholders (Boyd *et al.*, 2007), the buying organisation should, given the importance of trust in inter-organisational relationships, identify feasible means to display trusting behaviour.

Carter and Dresner's (2001: 13) findings of the enablers and barriers of environmental projects confirm the constraining nature of cost but also bring additional and differing factors to the fore, including inertia, technical difficulties and customers' unreasonable timeframe requests. The importance of the lattermost concern is underscored by the assertion that corporate social responsibility is often driven from the customer-end of the supply chain and prevalent in market- and stakeholder-oriented organisations, more of which shall be said later (Zink, 2005).

2.4.4 Inter-organisational relationship factors

This section presents the factors identified in the literature that lie between the focal buying organisation and the supplier.

2.4.4.1 Trust

Pedersen and Andersen (2006) remark that opportunism can be overcome through the creation of trust between two individuals/organisations. On the other hand sit agency

theorists (*ibid.*), who also assume the presence of potentially opportunistic behaviour but that the remedy is not the creation of trust but monitoring (*see also* Swanson *et al.*, 1998: 12-13; Vachon, 2007). The creation and perpetuation of trust has been seen, however, to benefit both parties, in particular when the relational environment is uncertain (Williamson, 1985).

The fundamental importance of trust in social relationships has also been the focus for other scholars (Swanson *et al.*, 1998; Kwon and Suh, 2004). The observation of such an important element of social interaction is only possible through that of behaviour and the interacting parties' perceptions of this behaviour. Much like the assertion that power is not power unless used (Bierstedt, 1951), trust is a passive characteristic that cannot affect an interaction unless outwardly demonstrated. This is a reflection of Zand's (1972: 230) definition of trust, posited following Deutsch (1962, *in* Zand, 1972), that "trusting behavior [consists] of actions that (a) increase one's vulnerability, (b) to another whose behavior is not under one's control, (c) in a situation in which the penalty (disutility) one suffers if the other abuses that vulnerability is greater than the benefit (utility) one gains if the other does not abuse that vulnerability". However, various conceptualisations of trust have emerged since Zand (*see* Moorman *et al.*, 1992) and little consensus has emerged over the decades regarding its definition (Pavlou, 2002).

The business case for the firm's involvement in purchasing social responsibility posited by Carter and Jennings (2002), rests on their argument that it has not only had a positive and direct effect on supplier performance but also a positively indirect relationship through trust and subsequently increased levels of cooperation. This result has also been shown in other areas of the green supply chain management literature that contribute to the proposition that increased levels of collaboration significantly contribute to the overall performance of the inter-organisational relationship (Lamming and Hampson, 1996). This may be due to a reduction of perceived uncertainty and vulnerability (Swanson *et al.*, 1998).

The connection between trust, collaboration and performance has also been implicit in other studies, such as the effect of unethical behaviour in the buyer-supplier relationship on the psychological contract (Hill *et al.*, 2009; *see also* Kingshott, 2006). The authors (2009) approach the phenomenon from the supplier's standpoint and find that, indeed, the supplier perceives less violation of the psychological contract when his perception also leads him to believe that the purchasing managers do not engage in unethical (subtle or deceitful [*see also* Carter, 2000a&b]) practices.

A greater understanding of what each party considers being a breach of this contract could be gained by increasing the frequency of contact between supply chain partners, which has been linked to successful environmental projects (Carter and Dresner, 2001). Through the lens of Carter and Ellram's (1998) propositions, Carter and Dresner's (2001) findings could be a direct response to a perceived higher than average level of uncertainty in the 'input sector' (upstream supply chain), which could be relieved in time through collaboration (Pedersen and Andersen, 2006).

2.4.4.2 Collaboration

As a potential manifestation of trust in the buyer-supplier relationship, collaboration has been linked to practices involving training (Vachon and Klassen, 2006a) and information sharing (Bowen *et al.*, 2001a). In the same vein, scholars have contrasted collaboration to the practice of monitoring (Lee, 2008) and other transaction-based practices. On this note, Vachon (2007) provides evidence that the implementation of environmental technologies benefits from collaboration rather than contractual monitoring, a practice associated with adversarial relationships.

Nike's experience of reconsidering its attitudes towards supplier relationships concluded with how its buyers could benefit from basing their purchasing decisions on price and delivery (Lim and Phillips, 2007). However, transmitting this emphasis to suppliers caused a shift in their suppliers' business practice and, indeed, as experienced by Nike, the resulting fragile relationship based on economic exchange does not readily support engagement with SERP (*ibid.*).

This is supported by other studies that advocate the importance of a partnership approach (Green *et al.*, 1996) and of ‘inter-organizationally sharing responsibility’ (Hervani *et al.*, 2005), in order to move toward successful SERP implementation. Unfortunately, researchers have recognised that “partnership and obligational contracts rarely extend below tier 1 or immediate suppliers” (Millington, 2008). Lamming and Hampson (1996) consider the use of third party standards as a proxy for trust, which has provided a stimulus for constructive dialogue between buyer and supplier.

Pedersen and Andersen (2006) outlined that the act of collaboration may be one way of overcoming the obstacle of trust. Indeed, it is advocated generally that collaboration is a significant step toward developing SERP (Lamming and Hampson, 1996; Zhu and Côté, 2004). If low levels of trust, due to a lack of familiarity, are to be assumed at the beginning of a relationship, then it is through repeated transactions that each party will come to know the other and feel with time an obligation to the relationship (*ibid.*). In any case, if the environment is seen to be a salient consideration during the both the supplier selection and post-tender stages, the buying firm may be in a position to consider a relational view of SERP at an earlier stage and to employ ‘new modes of supply chain management’ (Preuss, 2002). This is to say, developing a relationship that underscores the use of training, mentoring and environmental supplier rewards (Preuss, 2002), of which Bowen *et al.* (2001b) also noted a distinct paucity. These ‘new modes’ may also include the improvement of information exchange, which may be linked to the length of a relationship (Millington, 2008).

Lippmann (1999: 180) supports this view stating the significance of how “people throughout the organization [should] understand how [environmental] goals relate to their individual functions.” With respect to supply relationships, Lippmann (1999) considers possible methods to communicate relevant information both before and after supplier selection. Before selection, the buyer may communicate their environmental mission statement or hold meetings with potential suppliers to impart the criteria considered for selection (*ibid.*). After the selection has been made, the buyer’s efforts may concentrate on maintaining contract conditions, periodic performance reviews and ongoing communication with the supplier’s research and development staff (*ibid.*).

2.4.4.3 Monitoring

Monitoring, as a buying firm's method of ensuring compliance with CSR standards has been characterised by inconsistent methods of measurement (Boyd *et al.*, 2007). This has given rise to the "monitoring variance [leading] suppliers [to question] the seriousness of their buyer's commitment toward CSR." (*ibid.*: 344). Putting the mediating effect of inconsistent methods to one side, the influence had by a supplier's customer was indeed a major finding of a study conducted in the same year (Simpson *et al.*, 2007). It is worth noting that given the different arguments offered by these two studies, they are in fact based on different relationship characteristics. The former concentrates on the adverse effect of the 'arm's length' practice of monitoring, whereas the latter concentrates on remedying this through asset-specific investments. This link provokes the observation that, for a customer to have an influence on suppliers, a better understanding of the impetus for the focal firm to engage in SERP is required.

This often takes the form of 'periodic performance reviews and ongoing communication' (Lippmann, 1999) and provides a means through which buying companies can both ensure their suppliers' compliance with SERP guidelines that have been compiled for use in that supply chain and signal commitment to stakeholders (Schylander and Martinuzzi, 2007; Boyd *et al.*, 2007). It has also been proposed to be "a special type of organizational capability, which establishes quantitative objectives, goals, standards and evaluation metrics that enable sample organizations to assess their progress toward stated goals." (Florida *et al.*, 2001: 222-223). Such goals and CSR guidelines may originate in operational codes within the buying firm or 'model codes', such as the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (Boyd *et al.*, 2007).

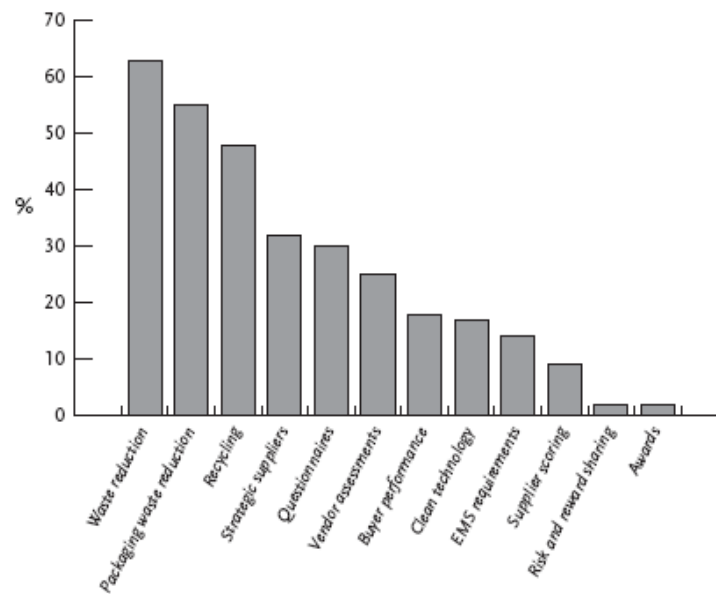
However, in contrast to these findings (*e.g.* Vachon and Klassen, 2006b), it has been seen in the literature that monitoring, though it may supplement any lack of trust on the buyer's part, can increase friction in the buyer-supplier relationship (Welford and Frost, 2006). This argument is supported by Murry and Heide (1998), who hypothesised and demonstrated that monitoring may have the opposite effect to that which was intended.

Indeed, in their study, it *decreased* the level of compliance with current agreements and agreement with new ones. Further evidence of the adverse nature of monitoring in buyer-supplier relationships is supplied by John's (1984) study of retail dealers of a major oil company, in which bureaucracy (including monitoring) can lead to opportunistic acts. Locke *et al.* (2007: 36) also found that Nike's tendency to solely monitor its foreign suppliers does not produce the desired results. Pagell *et al.* (2007: 2023) also find that, "Firms that place limited importance on suppliers are those that are taking most of the responsibility for value creation internally. It is these firms that seem to be leveraging their investments in environmental management across a broad spectrum of operational performance dimensions."

Boyd *et al.* (2007: 346) propose an alternative from a 'procedural justice' perspective. This concentrates on the "*means by which outcomes arise* from the interaction between exchange partners" as opposed to distributive justice, of which the sole concern is the set of "*outcomes* of the exchange between persons" (cf. Porter and van der Linde [1995a&b] recommend that governments should focus on 'outcomes' rather than the 'means' as a measure of progress). Boyd *et al.* (2007) suggest that monitoring practices encouraged by non-governmental and international organisations, such as the ILO's 'Better Factories Program'²⁰, may be detrimental to organisational interaction. This argument is based on Boyd *et al.*'s (2007) belief that it is a practice that "tends to convey an adversarial rather than a collaborative stance" and "implicitly conveys a posture more akin to that of a supply chain 'bully' rather than a CSR 'champion', seeking to gain compliance through the use of coercive mechanisms" (*ibid.*: 342). Indeed, as can be seen from Figure 7, in a sample of 70 operating units, the green supply initiatives that could be considered as those moving *away* from a posture akin to a 'supply chain bully' (i.e. 'risk and reward sharing' and 'awards') were in a categorical minority (Bowen *et al.*, 2001b). Much more common practices, including questionnaires and supplier scoring, made part of the vast majority (*ibid.*). The authors (2001b) were rightly surprised at the lack of 'awards' being introduced, "since they can have high positive environmental visibility [...] but with a low cost outlay to the company" (*ibid.*: 49).

²⁰ This program has since been renamed, "Better Work" and more information can be found at www.betterwork.org

Figure 7: Green supply chain initiatives implemented in operating units (Bowen *et al.*, 2001b)



While awards may pose a low-cost strategy of raising environmental awareness in suppliers and customers alike, Simpson *et al.* (2007) note that suppliers were more receptive to a customer's environmental requirements when resources were reserved and dedicated to the maintenance of that particular relationship²¹. This finding is in contrast to the statistically insignificant influence had by other 'arms length' practices examined in the study: contracts²² and assessment²³. This empirical evidence supports Boyd *et al.*'s (2007) argument highlighting the flaws of 'adversarial' monitoring. It hence promotes closer buyer-supplier relationships, which may also be beneficial for, according to a study by Zhu *et al.* (2008c), manufacturers in the Far East attempting to adopt greener practices,

²¹The *Investment* measure was operationalised by the item: "We dedicate and reserve equipment and capacity specifically to maintain this relationship".

²² The *Contracts* measure was operationalised by the item: "We have signed an extensive agreement (or contract) with this customer specifying price, quality and lead time".

²³ The *Assessment* measure was operationalised by the item: "This customer assesses our operations (*e.g.* questionnaires) from time to time".

who may lack the knowledge to comply with their customers' demands to adopt 'the five major categories of GSCM'²⁴.

Figure 8: Advantages and disadvantages of closer buyer-supplier relations (adapted from Lyons et al., 1990)

Advantages and disadvantages of closer buyer-supplier relations	
Buyers	Suppliers
<i>Advantages</i>	
Reduced manufacturing and labour costs	Contract predictability
Improved quality	Work force and production more stable
Reduced complexity and cost of assembly and buying	Increased R&D effectiveness
Supplier insurance	Buyer allies with supporting firm's status
Co-operative relationships with suppliers	Buyer assistance
Contract predictability	Influence on buyer's future decision making
Fair pricing assurance	Insider information on buying decisions
Fair pricing assurance (open books)	Firm becomes gatekeeper for competitor's innovations
Negotiated price reductions during contract life	Information about competition
Avoidance of bad press caused by reduction in personnel	
<i>Disadvantages</i>	
Increased dependence on supplier	Cost information shared (loss of proprietary information)
New negotiating style	Pressures to assume burden from design to warranty while improving quality and reducing costs
Less supplier competition	Decreased autonomy
Increased management skills	Increased communication and co-ordination costs
Reduced personnel mobility	Reduced personnel mobility
Increased communication and co-ordination costs	Potential pendulum reversal (i.e. no buyer-supplier trend is written in stone)
Increased support for supplier	
New reward structures	
Loss of direct contact with secondary suppliers	

Some resistance does exist to this largely one-sided argument in favour of increased trust and collaboration. It has been observed that even in professed collaborative partnerships, the buyer may deem it his or her prerogative to make changes to the relationship (Hall, 2000; Mamic, 2005). Other sources of resistance stem from researchers who have identified the possibility of deception and corruption in the buyer-supplier relationship. Lyons *et al.* (1990) summarise the advantages and disadvantages for both buyer and supplier of closer relations, as depicted in Figure 8 above.

²⁴ 1) Internal environmental management; 2) Green purchasing; 3) Customer cooperation; 4) Investment recovery; 5) Eco-design.

2.4.4.4 Power and dependence

Maignan *et al.* (2002) prescribe to organisations aiming to effectively manage the process of socially-responsible buying to consider the power held by their stakeholders. The authors (2002) clarify their understanding of ‘power’ by posing: “To what extent can they coordinate their actions?” (*ibid.*: 647). With this question in mind and if the corporate values of the buying firm are not embedded in the organisation to a depth adequate enough to guide managers toward an appropriate strategy, managers are advised to assess their ability to resist stakeholder pressure and to avoid collaboration with stakeholders proportionately to the amount of power held by both parties.

Roberts (2003) considers the power aspect of supply chain dynamics in the athletic footwear, forestry and branded confectionary industries. She identifies notable imbalances in the former two industries, which would effectively shift the focus to the lead firm whose suppliers are more likely to comply with its requests. The branded confectionary industry, however, displayed a power-dependence relationship which, the author argues, actually *inhibits* the introduction of ethical sourcing initiatives. More specifically, the supply chain participants are more independent of one another. Despite this, the author recognises the importance of devising an efficient method of responding to CSR issues in order to deal effectively with stakeholders and subsequently build reputation/credibility.

Should the power imbalance be ‘in favour’ of the supplier, as Roberts (2003) identified in the forestry industry, any sanction by the buyer may be ineffective (Pedersen and Andersen, 2006; Hines *et al.*, 2000). In this case of buyer dependence, Pedersen and Andersen (2006) put forward five methods which could be used to increase levels of ‘goal congruence’ between the parties in question.

1. Compensate the supplier for the costs incurred during code compliance;
2. Reward the supplier for code compliance;
3. Undertake joint investments in transaction-specific assets to increase commitment to the relationship;

4. Refer to the strategic advantages of CSR to persuade the supplier that engagement with such practices will bode well for the future;
5. Involve the supplier in the planning and implementation stages of the code.

Pedersen and Andersen, 2006: 233

Various factors could influence the balance of power between two businesses. It could be a function of the firms' relative size (Min and Galle, 2001) or indeed of the importance of the product purchased to the buyer's value chain (Hines *et al.*, 2000). Krause (1999) interprets the volume purchased as a medium and indicator of power. Their study reveals a statistically significant finding that the lower the volume purchased from the supplier, the lower the degree of supplier development. Other adverse effects of power imbalances can be seen in a study by Badenhorst (1994), who identified that buyer power may tempt purchasers to buy goods for personal use.

Some conceptual arguments have been contributed to this discussion by Carter and Rogers (2008), who posit that firms experiencing dependence or uncertainty of the supply of key external resources can alleviate the pressure through vertical integration. If the costs are not great enough to make vertical integration a salient consideration however, Millington (2008) develops work by Casciaro and Piskorski (2005) and offers an insight into the ideal distribution of power and dependence, under which environmental supply chain management (ESCM) is, in theory, likely to be most successful (Table 5). Where the two parties are mutually independent of one another, as may be the case in some transactional exchanges such as branded confectionary (Roberts, 2003), there exists little incentive endogenous to the relationship to implement ESCM.

Roberts (2003) describes other characteristics including the presence of a significant number of buyers and sellers, exchanging identical/similar goods, for which little investment must be made to acquire the market price and product information. In relationships characterised by supplier power, the buyer is not likely to be in a position to enforce compliance, whereas the buyer is more likely to be able to "ensure that

suppliers adopt ESCM as a condition for recognition” if the power imbalance is in his or her favour (*ibid.*: 374).

Table 5: Power dependence relationships (Millington, 2008)

		Buyer Dependency	
		LOW	HIGH
Supplier Dependency	LOW	Buyer-supplier independence	Supplier power
	HIGH	Buyer power	Buyer-supplier interdependence

However, Millington (2008) posits that the ideal set of circumstances under which ESCM is likely to be adopted is found in the fourth quadrant representing buyer-supplier interdependence.

“We might expect to see both supplier adaptation and a deeper relationship as both partners seek to protect their position within a more integrated organizational structure. Since relational or obligational contracting is associated with process development and higher levels of supplier monitoring, this provides the ideal circumstances in which to implement ESCM.”

Millington (2008: 374)

2.4.5 Summary

This concludes the thematic analysis of the SERP literature. This section divided themes in the literature into three focussed parts. The first presented factors affecting SERP engagement that lie in the buying organisation’s environment. These are regulation and customer/consumer pressure. The second part presented aspects *within* the buying organisation: financial considerations; organisational culture; top and middle management support; and codes of conduct. The third part highlighted aspects affecting the buying organisation’s SERP implementation that lie in the relationship between that

organisation and the supplier. These are trust; collaboration; monitoring; and power and dependence. These are also shown in Figure 6.

The following section will highlight particular areas, which stand either clearly underdeveloped or, with regard to themes, isolated from other areas of the research. The advantage of this is to demonstrate the contribution that future studies may bring to SERP research as well as *how* these contributions could be made.

2.5 Future research opportunities

This section discusses and presents the opportunities for further research into SERP emerging from this literature review.

2.5.1 Introduction

This review of the SERP literature has drawn on two methods of analysis: bibliometric and thematic. This section details the shortcomings of the literature, which provide opportunities for future researchers to develop the field. In much the same way as the literature review was organised following de Bakker *et al.* (2005) and Ryan and Bernard (2003), this section shall adopt a structure that first concentrates on meta-level aspects of research before moving on to the specific characteristics of themes in the literature. The following list provides an overview of the shortcomings of the literature that are explained in more detail throughout this section.

2.5.1.1 Bibliometric shortcomings of the SERP literature

1. Need for more conceptual and instrumental²⁵ studies;
2. Need for studies using mixed and case study methods;
3. Need for more longitudinal studies;

²⁵ The terms ‘conceptual’ and ‘instrumental’ are used in the spirit of de Bakker *et al.*’s (2005) definition.

4. Need for closer examination and comparison of organisations' approaches to social issues as well as these in parallel with environmental issues, rather than treated separately.

2.5.1.2 Thematic shortcomings of the SERP literature

1. Need for clarity regarding the effect of governmental and financial performance;
2. Need for consideration of the suppliers' capability to comply;
3. Need for studies of the trust vs. monitoring dilemma, as well as of the use of incentives;
4. Need for studies examining the existence of and potential reasons for discrepancies between policy and practice.

2.5.1.3 Research question

Considering these limitations, this thesis contributes by combining quantitative and qualitative case study methods to examine commercial approaches to both social and environmental dimensions SERP (see bibliometric shortcomings 2 and 4). Thematically, this thesis focuses on phenomena *within* the focal (buying) organisation to examine discrepancies between policy and practice and how companies seek to overcome challenges to policy implementation. This leads to the research question:

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

2.5.2 Future research opportunities

These ways of contributing to the SERP literature shall now be discussed.

2.5.2.1 Research opportunities (bibliometric)

1. Need for more conceptual and instrumental studies.

An important characteristic of this body of literature is a paucity of conceptual and instrumental studies of the phenomenon. There is also a notable tendency for researchers to offer ‘descriptive’ pieces, of which the ‘major focus is on reporting fact or opinion [with] no intention of a theoretical or prescriptive contribution’ (de Bakker *et al.*, 2005).

This naturally calls for more work to be carried out in the conceptual arena. This would be a welcome contribution to the SERP literature, as it would help to mature the field through the construction of more accurate explanatory frameworks. From an instrumental perspective, empirical studies that would ‘improve performance along some dimension’ are needed (de Bakker *et al.*, 2005). The advantage of increasing the amount of studies that prescribe actions that may improve organisational performance is a betterment of the industrial-academic relationship and an enhancement of the role played by academics in guiding organisations’ actions.

2. Expansion of studies using mixed and case study methods.

The opportunity presented here is to replicate quantitative studies in other institutional contexts that have thus far been conducted in the United States (*e.g.* Carter and Carter, 1998; Carter, 2004, 2005). This is to say that future researchers could identify ‘empirical regularities’ across geographical locations (Helfat, 2007). Research in other national contexts, such as China, also exhibit a significant predisposition toward quantitative methods (*e.g.* Zhu and Sarkis, 2004, 2006, Forthcoming). Scholars have indeed begun to explore the field in such contexts (*e.g.* Razzaque and Hwee, 2002 [Singapore]; Lee, 2008 [South Korea]).

Methodologically, opportunities exist in the use of mixed methods and case studies, as advocated by Carter and Dresner (2001). Some other advantages of combining quantitative and qualitative research lie in the latter’s ability to approach opinions on closer quarters and to give participants a voice rather than constraining responses to a scaled response, which, in the context of the respondent, may require explanation (Denzin and Lincoln, 2000). With these arguments for methodological balance in mind,

it can be seen that the advantages for conducting a mixed-method study lie in it being one that would give a more complete picture of the phenomenon and a more complete explanation of its current state.

3. Need for more longitudinal studies.

It was observed that studies often adopted a cross-sectional standpoint: a particular point in time to observe the then current state of the phenomenon. Research in the field ought to recognise the time dimension, especially given the dynamic nature of the relationship between two organisations. This alludes to the main strength of longitudinal research, as noted by Saunders *et al.* (1997), which is its capacity to enable researchers to study change and development over time. Applied to SERP, longitudinal research would therefore be very useful in the context of examining changes in managerial and employee attitudes, methods of embedding SERP activities as well as degrees of success in these activities. It would also be able to track changes in the buyer-supplier relationship (such as power and dependence) and the potential effects this would have on SERP engagement.

4. Need for closer examination and comparison of organisations' approaches to environmental and social issues, rather than treating them separately.

There exists a predominance of studies concentrating solely on either environmental concerns (*e.g.* Hall, 2000, 2001) or social issues (*e.g.* Kolk and van Tulder, 2002a&b; Egels-Zandén, 2007). Taking the methodological recommendations into account, opportunities exist in the comparison of approaches to environmental and social issues within the same commercial context, perhaps in the form of case study research. As noted in the introduction of this study, activity pertaining to the impact of an organisation's actions on the environment and society is discretionary (Davis, 1973); studies examining and/or comparing these forms of discretionary behaviour would be in a position to discern potential differences in the ways in which organisations treat and/or incorporate them into their strategy.

2.5.2.2 Research opportunities (thematic)

1. Need for clarity regarding the effect of governmental and financial performance.

Porter and van der Linde (1995a, 1995b) posit that governments should take an output-oriented rather than a means-oriented perspective, *i.e.* that the emphasis of regulation should be on the end result, not on the way in which the result is achieved. The argument centres upon the virtue of efficiency and innovative industrial practices. Further research could help the understanding of whether indeed this is how legislation regulating SERP should be formulated, introduced and enforced, not to mention the degree of its success after implementation, which may rely on the level of competence, knowledge and resources within the supplier's organisation.

The literature can also be refined by future scholars wishing to make a clearer link between engagement in SERP activities and financial performance. Future scholars may opt to examine the degree to which the same organisation's financial/slack resources serve as a *prerequisite* to that organisation engaging (Walley and Whitehead, 1994; Min and Galle, 1997; Carter and Dresner, 2001) or as a *consequence* of engagement (Carter, 2000; 2005). Contributions to this area may focus on the characteristics of more reliable measures for financial performance, in contrast with the current inconsistency of measuring this variable (Carter, 2005).

2. Need for consideration of the suppliers' capability to comply.

Further research could embrace the (technological, organisational and/or financial) capability of suppliers to comply with the needs of output-oriented regulation that may ultimately be transmitted through the character and stringency of buyers' requirements. Walton *et al.*'s (1998) study of the U.S. furniture industry supports companies' proactive management of environmental supply chain initiatives and argues that, through involving suppliers and bringing them closer in the process, organisations are able to seek higher benchmarks rather than simple compliance with regulation.

3. Need for studies of the trust vs. monitoring dilemma, as well as of the use of incentives.

Assuming that the focal organisation has the ability to do so, it, on the one hand, may opt to monitor the social and environmental activities of the supplier. An overarching benefit of doing so is the direct and positive signal given to the focal organisation's stakeholders (Schylander and Martinuzzi, 2007). However, it was also seen in a study by Murry and Heide (1998) that monitoring can *decrease* the level of compliance with current and new agreements. In addition to the issue of compliance is that of transaction costs and the associated assertion that monitoring may actually increase these costs. The question therefore for future researchers, given these benefits and disadvantages, is to identify a certain context or set of circumstances, in which practitioners should consider the use of monitoring as well as to understand why a certain combination of pressures warrants the use of monitoring.

However, if one were to take the perspective of network theorists that opportunism can be overcome through the creation of trust between two parties (Pedersen and Andersen, 2006), one perspective could be trust created through the use of incentives (regarded as a representation of an asset specific investment [Williamson, 1995]). This technique has been seen to be rarely used by practitioners (Bowen, 2001b). This is to say that the buying organisations focus more often on penalising for and altering suppliers' malpractice and not on the use of rewards.

The opportunity for future researchers lies in investigating the variety of potential relationships between the prevalence of this practice and how managers perceive their relationship with suppliers – if, for example, managers in the focal organisation have a stronger or weaker propensity to use one technique over the other in accordance with balances of power, good/bad past experiences with the supplier, the length of the relationship, or, indeed, the priorities of the organisation communicated to the purchasing function by senior management.

Trust and power and dependence have been treated separately; their possible interaction seems to have been neglected. If a firm in a dyadic relationship is able to draw on its powerful position, what factors would affect its use of that power to coerce the weaker party in the context of SERP? Indeed, if that same powerful firm then also trusted the weaker organisation to engage in SERP activities, would this new set of circumstances cause the former to relinquish monitoring processes, thus reducing transaction costs? Or are stakeholder pressures so salient in the buying organisation that monitoring would continue regardless of the degree of extant trust as a response to those pressures?

In light of these potential research paths, the context in which they are posed should also be considered. The contextual setting of studies in SERP centres largely upon the effect of stakeholders as drivers and barriers to its implementation (*e.g.* the government and end consumers/customers). A potential contribution of future research may be to set the question in a context that examines how SERP is transmitted from policy-level to purchasing professionals and that identifies the existence of and reason for any potential discrepancies between an organisation's policy and practice in this area, which is closely linked to the following research opportunity.

4. Need for studies examining the existence of and potential reasons for discrepancies between policy and practice.

Many studies in the literature have concentrated on the use of policy-level commitments, such as codes of conduct (Boyd *et al.*, 2007; Roberts, 2003; Kolk and van Tulder, 2002; Emmelhainz and Adams, 1999) and ISO/SA standards (Nawrocka, 2009, 2008; Beske *et al.*, 2008; Castka and Balzarova, 2008; Chen, 2005). It has also been recognised by other scholars that policy and code of conduct have been the principal method of communicating to suppliers the need to move to more responsible procurement (Pedersen and Andersen, 2006). However, the effectiveness of codes of conduct and such self-regulatory instruments has been questioned in the literature (Sitkin and Roth, 1993; Welford and Frost, 2006) and the effectiveness of the mechanisms through which they are implemented has also come under increased levels of scrutiny (Boyd *et al.*, 2007). Few studies have emphasised the importance of the

procurement department's *practice*. This is to say that academic interest has been concerned in the main with the tools used by top management to affect the procurement department's behaviour, *not* how these tools affect behaviour or, indeed, whether they have the desired effect.

2.5.3 Summary

The questions posed in this section are by no means exhaustive of the potential future avenues for research in SERP. They do, however, provide a detailed insight into how the relational aspects of the buyer-supplier relationship may influence its advancement and conceptualisation. It has detailed eight considerations for further research: four pertaining to bibliometric aspects of the literature and four to its thematic nature.

Bibliometrically, there is a need for 1) further conceptual and instrumental development of the phenomenon; 2) increased use of mixed and case study methods; 3) longitudinal (rather than cross-sectional) studies, and 4) the simultaneous examination and comparison of both environmental and social issues. Thematically, it has been identified that investigations are needed into 5) forming a clearer idea of the roles played by financial and governmental pressures as well as 6) the supplier's ability to comply. Further research may also look into 7) the interaction of trust and power in this context and 8) the existence and potential reasons for gaps between policy and practice: what the company aims to do and what the actors within the organisation actually do.

This thesis focuses on the lattermost issue. It centres on the examination of the discrepancies between an organisation's SERP policy and its SERP practice. It goes further as to also examine the ways in which businesses seek to overcome the challenges to implementing this policy. These aims are reflected in the following research question:

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

The following section draws upon both issues raised in this literature review as well as theoretical perspectives of differentiated organisational culture and the resource-based view of the firm, in order to conceptualise the approach to answering this research question.

3 Conceptual development

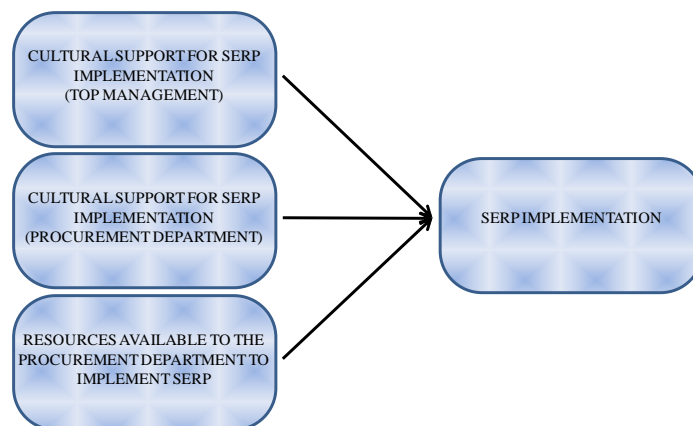
3.1 Introduction

This chapter draws together two theoretical perspectives to explain potential discrepancies between company policy and practice and how organisations make progress toward implementing SERP. The discussion shall focus on organisational culture and a resource-based view of the firm to build this explanation (Figure 9). Figure 9 displays the elements argued in this chapter to influence SERP implementation. As a reminder, this conceptual development offers an approach to the following research question:

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

The framework developed in this chapter recognises the competing priorities and different pressures on organisational departments that create diverging beliefs and attitudes at this level of analysis (Jung *et al.*, 2009). These subcultures are posited to interact with that of top management to affect an organisation's overall level of SERP implementation. The role of resources is also discussed as they may aid or constrain the procurement department's capability to engage in SERP practice.

Figure 9: *Introductory conceptual framework for SERP implementation*



3.1.1 Overview of propositions

Top management support is ostensibly important (Carter and Ellram, 1998; Min and Galle, 1997), though, not yet considered in conjunction with the support of procurement managers, who are ‘on the front line’ of SERP implementation. This shortcoming provides the basis of the current study’s main contribution to organisational culture at the interface with the implementation of organisational policies. Evidence or absence of support for SERP implementation within these organisational subcultures is expected to manifest in observable ways. These are indicators of whether SERP is an organisationally sanctioned action. As shall be discussed, the indicators of top management’s support to implement SERP are:

1. Top management support;
2. Leadership;
3. Company policy;
4. Reward and other compensation schemes.

Procurement managers’ attitudes toward SERP implementation are taken as indicators of their (lack of) support for SERP in their subculture, because reports and observations of these attitudes provide clear insights into their level of support whilst adhering to the materialist approach to observing this subculture (Martin, 2002).

Despite the level of support in organisational subcultures, the resources available to the procurement department will affect the degree of SERP implementation (Bowen, 2002; Carter *et al.*, 1999; Barney, 1991). Influences in this part of the model are considered moderators of the effect cultural determinants have on SERP implementation. As shall be discussed, the indicators of resources used to implement SERP are evidence of the:

5. Importance of the procurement function within the organisation;
6. International experience of the procurement function;
7. Level of supply chain process sophistication;
8. Skills and knowledge pertaining to SERP implementation.

It is not the contention of this chapter that an organisation would require every one of these capabilities to implement SERP. Organisations, as they operate in a variety of contexts, would require a different combination of these core capabilities, as well as those that are contextually dependent, as posited by Andersen and Skjoett-Larsen (2009: firm-specific assets). A prime example of this is a particular type of knowledge or technology.

3.1.2 Structure

This chapter is presented in two sections: i) theoretical background and ii) theoretical application.

The first section defines each theory and discusses its role in this thesis. The focus then turns to the treatment of each theory in the extant SERP literature, which facilitates an understanding of the study's theoretical contributions. An evaluation of these contributions is then provided. The second section applies these theories to the phenomenon of SERP implementation through developing the propositions outlined above.

3.2. Theoretical background

This section presents the theoretical perspectives used to explain SERP implementation. These are organisational culture and the resource-based view (RBV) of the firm. This section also discusses how these approaches have been applied to date in the literature.

3.2.1 Definitions

This section provides definitions that serve as parameters of each theoretical approach. A discussion justifying these definitions is also provided.

3.2.1.1 Differentiated organisational culture

In the current study, differentiated organisational culture is defined as the conspicuous and observable manifestations of top management's and the procurement department's espoused values and beliefs within the context of their subculture. This definition stems from two theoretical underpinnings: the materialist perspective (Gagliardi, 1990) on culture and the differentiated perspective (Wilson, 2001, 1997; Barley, 1986). The following discussion contrasts these perspectives against their theoretical opponents and integrates their use into the current theoretical framework.

There are four main reasons for which the materialist perspective is used in the current research. Firstly, it facilitates the examination of that which the procurement manager perceives to be valued by the organisation²⁶. This would include organisational and departmental policies and reward/compensation schemes. Secondly, it discerns consistencies between such manifestations and their importance with regard to SERP implementation.

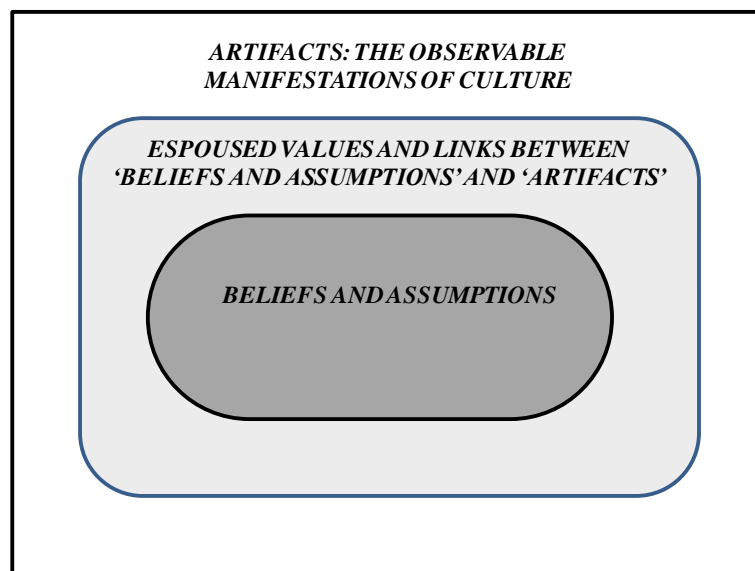
The third reason is that *practices* are learnt during the process of socialisation in employment (Jung *et al.*, 2009), which differs to an individual's values (Hofstede, 2001). This renders "approaches concentrating on *values* rather than *practices* [...] of little benefit in the study of organizational culture" (Jung *et al.*, 2009:1092, emphasis added). Similarly, Sackmann (1992) argues that employees' practices are important because they provide insight into 'the world view of organisational members'. However, artifacts are not always physical. This 'world view' can also be observed through verbal artifacts (Martin, 2002; Howard, 1998).

The fourth reason stems from the study's focus on culture "*only* [as] the *actions* and *words* of [top and procurement managers]" (van Maanen, 1988: 3, emphasis added). This emphasises not the mere existence of an artifact but rather the procurement department's practical reaction to it (Riley, 1983). For this reason, measures of cultural support for certain actions in this model stem from a teleological, 'consequentialist', or

²⁶ This may be determined at a higher level of analysis (*e.g.* industry level) (Koene *et al.*, 1997).

outcome-oriented perspective²⁷. Therefore, emphasis is placed on the material manifestations of culture (Harris, 2001; see Figure 10), *not* on the motivation *behind* these manifestations, such as managers' intrinsic motivation (Thomas and Velthouse, 1990). Carter (2000b) noted that it would require a considerable period of time to examine to a reasonable degree the deeper cultural aspects that lie beneath the organisation's artifacts. It is therefore useful to regard the manifestation of these more concealed layers, in the form of artifacts, as proxies for the deeper beliefs, values and assumptions of senior management (ibid.).

Figure 10: Schein's (2004) model of organisational culture



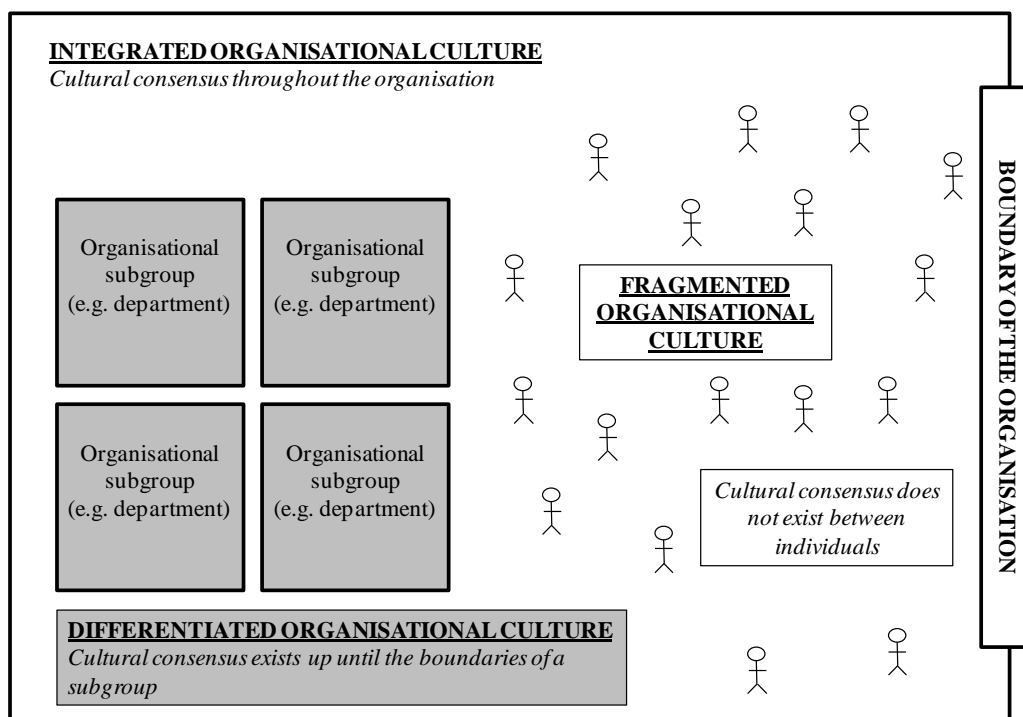
The differentiation perspective of culture (Brunsson, 1995; Barley, 1986) highlights the disunity between intra-organisational groups²⁸. It is important to remember that cultures are created by phenomena that unite a group through shared meaning, experience and resultant inter-subjectivity; they therefore set that group apart from

²⁷ This is in contrast to a deontological perspective, where management may engage in an action with the conviction that the motivation behind the action is morally 'right'. The teleological view facilitates an understanding of the mechanisms perpetuating current practices: *i.e.* the outcome of profit and related reward structures, or outcome-related legitimacy.

²⁸ Examples of this perspective include Barley's (1986) study of radiology departments, Wilson's (1997) observations within the banking industry and van Maanen's (1991) discovery of groups of Disneyland employees who considered themselves distinct from others.

others (Smircich, 1983; Schein, 2004; see Figure 11). Within an organisation, concrete managerial issues expose intra-organisational factions (Laurila, 1997) where all members of an organisation may on one hand be committed to the organisation's *raison d'être* but may on the other hand experience disagreement over how this goal should be achieved (Martin, 2002). The implementation of SERP is one such managerial issue.

Figure 11: Perspectives on organisational culture



The differentiation perspective (Wilson, 2001) is contrasted with the 'integration' (Altman and Baruch, 1998; Barley, 1983) and 'fragmented' (Daft and Weick, 1984) perspectives. The crux of the difference between these three points of view lies in the extent of cultural consensus, *i.e.* the extent to which a culture is shared between its members. In the case of SERP implementation, it is most useful to view cultural attributes of the procurement department to be consistent within themselves (Trice and Beyer, 1993; Ott, 1989), *i.e.* that homogeneity exists at the individual level (Koene *et al.*, 1997) and exists up until the boundaries of the procurement department as an

organisational group (Sathe, 1985)²⁹. A fragmented approach to culture aligns itself more readily with the individual's particular level of engagement in SERP, not with explaining how a department implements it. Needless to say that the problem of SERP implementation would not exist if an organisation's culture were integrated (Altman and Baruch, 1998).

3.2.1.2 Resource-based view (RBV) of the firm

Resources are defined in this thesis as “*all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness*” (Barney, 1991: 101, emphasis added; Bowman and Ambrosini, 2003; Mahoney and Pandian, 1992). The literature that operationalises this theory is characterised by a considerably higher degree of unity with regard to what constitutes a resource than, as discussed earlier, what exactly culture is. Indeed, conflict does occur (cf. Barney [2001] vs. Priem and Butler [2001]) and extensions are suggested (e.g. Lavie, 2006; Gulati, 1998, 1999), however, the approach taken by papers rarely diverges from Barney's (1991) original assertions.

In the same paper, Barney (1991) refines the framework of ‘intangible’ and ‘tangible’ resources developed by Penrose (1959). Barney (1991) highlights three types of resources: organisational (Tomer, 1987)³⁰, human (Hofer and Schendel, 1978; Becker, 1964)³¹ and physical (Williamson, 1985; Hofer and Schendel, 1978)³². Barney (1991) argues that by cultivating the *valuable*³³, *rare*³⁴, *inimitable*³⁵ and *non-substitutable*³⁶

²⁹ The integration perspective on organisational culture is characterised by consensus among all members of an organisation, and that therefore the organisation's culture would be consistently seen in the same way by its members (e.g. Barley, 1983; Pettigrew, 1979)

³⁰ Examples include a “firm's formal reporting structure, its formal and informal planning, controlling and coordinating systems, as well as informal relations among groups within a firm and between a firm and those in its environment.” (Barney, 1991: 101-2)

³¹ This includes the “training, experience, judgment, intelligence, relationships, and insight of *individual* managers and workers in a firm.” (Barney, 1991: 101-2, emphasis retained from the original).

³² This includes the “physical technology [of the] firm, a firm's plant and equipment, its geographic location, and its access to raw materials.” (Barney, 1991: 101-2).

³³ Resources are *valuable* if they “enable a firm to be lower cost than rival firms, or [...] enable the firm to differentiate its products or services” (Bowman and Ambrosini, 2003: 291).

³⁴ Their *rarity* can be expressed as their relative scarcity and subsequent inaccessibility to competitors (see the concept of Ricardian rent [Ricardo, 1817]).

(VRIN) nature of these resources, organisations are able to “conceive of and implement strategies that improve its efficiency and effectiveness” (Mahoney and Pandian, 1992; Barney, 1991). The focus of this thesis is on organisational and human resources.

Physical resources embrace all objectively observable aspects of the organisation that can help the procurement department implement SERP in its functional processes. The effect had by physical resources on organisational performance has manifested in the literature in various forms, including technology (Dutta *et al.*, 1999), geographical location (Barney, 1991; Doh, 2005), and financial performance (Preuss, 2001; Studer *et al.*, 2008). However, physical resources need to be deployed so that the organisation can ‘conceive of and implement its strategies’ (Barney, 1991; Carter *et al.*, 1999). Naturally, this is done in line with what is valued by the organisation, i.e. what is deemed a worthwhile investment by managers (Carter and Ellram, 1998).

Financial performance has been considered in the literature as an important resource for SERP implementation. Improved financial performance has been seen to be a result of SERP implementation (Carter, 2005; Carter *et al.*, 2000). Managers have been seen to consider environmentally responsible purchasing as a way to respond to their ‘support to reduce costs’ (Carter and Dresner, 2001). In the wider CSR literature, scholars have observed such initiatives to have an adverse effect on financial performance (Walley and Whitehead, 1994) and even no effect (Bowen *et al.*, 2001b; Alexander and Buchholz, 1978). At the other end of the spectrum, SERP implementation has been observed to be dependent on the financial performance of the business (Waddock and Graves, 1997).

Organisational resources have been neglected by researchers (Peng, 2001) for reasons based on its problematic measurement (Godfrey and Hill, 1995)³⁷. However, Barney *et*

³⁵ The advantage of *inimitability* is rooted in mechanisms that isolate and protect resources from use by competing organisations (Barney, 1991).

³⁶ A “resource is said to be *non-substitutable* if it cannot be easily replaced by another resource that delivers the same effect” (*ibid.*, emphasis added).

³⁷ Exceptions include the degree to which racial diversity contributes to rates of return (Richard, 2000), an alternative to the transaction-cost perspective to explain why organisations form alliances (Eisenhardt and Schoonhoven, 1996; *see also* Lavie, 2006) and the effect that human capital has on the performance of

al. (2001) state that the CSR literature would benefit from the examination of such intangible resources shaped by the organisation's cultural characteristics. This is supported by recent findings affirming the importance of culture's role in an organisation's ability to work towards improving its 'efficiency and effectiveness' (Carmeli and Tishler, 2004).

Human resources are concerned with aspects of the employees that affect SERP implementation. Organisations need to mobilise resources held within staff members by initiating appropriate 'activities', 'routines' and 'business processes' (Ray *et al.*, 2004). Makadok (2001) examines the balance between acquiring resources and *building capabilities*. He argues that capabilities often constitute intra-organisational structures and mechanisms that develop the productivity of human resources. Examples include socialisation, *e.g.* the amount of experience in the procurement function (Lewis, 2000) and provision of training programs (Lee, 2008; Welford and Frost, 2006; Mamic, 2005).

The theoretical emphasis in this thesis is on employees' "capacity to deploy [these] *Resources* [...] using organizational processes, to effect [*sic.*] a desired end" (Amit and Schoemaker, 1993: 35; *see also* Collis, 1994).

'Organisational resources' are similar to human resources insofar as they are not physical. Examples include the capability to monitor suppliers (Pedersen and Andersen, 2006), organisational learning (Carter, 2005) and controlling the development of supplier relationships (Saxton, 1997; Lavie, 2006; Carr and Pearson, 2002; McGinnis and Vallopra, 1999). In this thesis, organisational resources pertain to the procurement department's ability to engage in SERP through the use of such resources.

3.2.2 *Links with the SERP literature*

This section discusses how each theoretical approach has been employed in the literature.

the professional services (Hitt *et al.*, 2001). Hitt *et al.* (2000), for example, concentrated on their 'technical capabilities' and 'willingness to share expertise' as a source of capability.

3.2.2.1 Organisational culture

Notions of culture that have been applied to SERP are often found to examine the effect of national rather than organisational culture (*e.g.* Razzaque and Hwee, 2002; Tadepalli *et al.*, 1999; Wood, 1995c). In general, the literature highlights how slowly culture changes (Hofstede, 1983). In the context of an organisation, this view supports that the ‘current’ culture in a firm is a product of the organisation’s history, *not* an independent ‘tool’ that can be altered to fit ‘the task’ (Kabanoff and Holt, 1996).

However, it has been observed that a culture can alter, mimicking that of a seemingly more successful organisation (Quinn, 1980). Other scholars have argued, moreover, that culture is an important instrument to be ‘used’ by top management in order to endorse socially responsible behaviour (Murphy and Enderle, 1995). Culture used in this fashion at the organisational level survives in much the same way as at the national level; both are perpetuated because they survive *outside* of individuals as the crystallisation of (managerial) values (*i.e.* they are external and objective [Zucker, 1977; *see also* Greenwood and Hinings, 1993]). However, as representations of managerial beliefs and values, cultures would seem to change at the discretion of top management. Scheuing *et al.* (1994) provide an example of this in their finding that top management commitment is crucial to the success of an organisation’s purchasing programs from minority business enterprises; this value manifested in the form of top managers communicating directly with suppliers and of their attendance at relevant conferences.

It has been observed that a culture of continuous improvement can affect internal actors’ propensity to act ethically (Chen *et al.*, 1997). This observation raises the saliency of this issue from the perspective of the business case and of culture as an important determinant of the degree to which members of an organisation can incorporate ethical behaviour into daily practice (Sinclair, 1993; Crane and Matten, 2004; Walker *et al.*, 2008; Maignan and Ferrell, 2001).

Views in the literature with regard to the cultural antecedents of ethical practice are mixed. Maximiano (2007) found that managerial values are the highest ranking cultural

aspect driving a company's CSR effort. In this light, it is to be recognised that the same may not be true for actors at lower hierarchical levels of the organisation. Treviño (1986) observed among middle managers that personal judgments whether an action is 'right' or 'wrong' was only *part* of the determinant of the action chosen. The decision was also influenced by 'situational forces', such as mechanisms of reward and punishment embedded in the organisation's structure³⁸. The study also demonstrates how the reward system of an organisation can adversely affect the ethical decision made by an employee. With regard to this contention, an ethically uncondusive reward system would be indicative of SERP being an *undesirable* action for top managers, given their influence on incentive structures (Brown and Treviño, 2006).

Indeed, such 'artifacts' of an organisation's culture (Schein, 2004) arguably represent its most salient features. These are the characteristics of a culture that have survived the moulding process at the cognitive level (Berger and Luckmann, 1967) and have been awarded sufficient legitimacy within the organisation to be externalised in a form that, albeit a creation of the organisation, is now objective to all (Zucker, 1977; Greenwood and Hinings, 1993). These forms would include, among others, features such as company policies, the existence of an ethics committee or a code of ethics (Sims, 1991).

There are three notable shortcomings of the SERP literature. Firstly, there are very few studies that engage with organisational culture in the context of SERP. Moreover, in the more embedded context of SERP implementation, the cultural alignment between intra-organisational subgroups has not as yet been considered as an indicator of organisational support for SERP implementation. Secondly, scholars in the SERP literature have not incorporated a perspective on organisational culture in a way that plausibly explains its role in varying levels of SERP activity. Thirdly, there is little attention afforded to the support exhibited by the procurement manager. Its role in SERP implementation has not as yet been examined. These shortcomings provide the basis of the current study's main contributions at the interface between culture and SERP activities.

³⁸ NB. Treviño's (1986) term of 'situational forces' (which includes reward and punishment mechanisms) is coined from the manager's perspective. In the current study, these are considered conspicuous manifestations of top management's culture.

3.2.2.2 Resource-based view (RBV) of the firm

The importance of dedicating resources to the development of environmental strategy has been highlighted in numerous studies (Walton *et al.*, 1998; Carter and Jennings, 2004; Carter and Rogers, 2008; Côté *et al.*, 2008). The allocation of resources in this manner has been attributed to a strategy of environmental risk mitigation (Cousins *et al.*, 2004). Cousins *et al.* (2004) apply to the procurement function Russo and Fouts' (1997) observation that those engaging in more proactive environmental supplier initiatives will have access to a different set of resources when compared to those that do not. Cousins *et al.* (2004) contend that this would be particularly true in the context of the supply chain given the stark differences in the contributions procurement departments are said to have³⁹. Vachon (2007) concentrates on specifically tangible resources that would aid an organisation's environmental program, including, for example, structural investments in technology that prevent or control pollution. He also includes some forms of organisational resources (Barney, 1991) in the form of management systems that aim to improve environmental performance through formalising procedures.

Cousins *et al.* (2004) refer to close organisational links with, learning from and providing support for suppliers as types of 'resources' for environmental initiatives. Similarly, Carr and Schmeltzer (1997) refer to intangible resources in the realm of strategic purchasing, which include the status of the procurement function within the organisation, knowledge and skills contained within the function, and the managers' 'willingness to take risks'. Carter (2005) adopts the resource-based view and identifies a need to explore further into the role of 'learning' within the supply chain (*see also* Hult *et al.*, 2000; 2003). He links the mixed findings of purchasing social responsibility and firm performance to the previously missing mediating variable: organisational learning.

³⁹ See the debate of the procurement function's contribution to strategic management (Mol, 2003; Ramsay, 2001).

Focussing more specifically on the procurement manager's role in SERP implementation, scholars have made some consistent observations. Cooper *et al.* (2000) highlight the procurement managers' lack of understanding of how to incorporate environmental considerations into daily practice. A lack of training and commitment was noted by both Bowen *et al.* (2001a&b) and Carter and Dresner (2001); it was also included in Vachon's (2007) analysis. Additionally, Walker *et al.* (2008) identified the importance of a 'value champion' (*cf.* Drumwright's [1994] 'policy entrepreneur') to drive environmental initiatives. Andersson and Bateman's (2000) article in the *Academy of Management Journal* is also of interest for its identification of the importance of an 'organisational champion'.

The view of resources adopted in this thesis adds to the limited body of research examining resources as a moderator affecting the influence top management's support has on procurement managers' engagement in SERP. Its second contribution stems from the recognition that adjusting the procurement department's behaviour with regard to buyer-supplier relationships would require resources that affect the procurement managers' awareness of different behaviours to increase his or her opportunity of introducing alternatives.

3.2.3 Summary

This section provides a summary of the theoretical background of SERP implementation.

At the outset, definitions of the two theoretical perspectives used to examine SERP implementation were provided. These are differentiated organisational culture, as manifested by top management's and the procurement function's subcultures (Martin, 2002) and the resource-based view of the firm (Barney, 1991). Secondly, the theoretical background highlighted how these theoretical perspectives have been employed in the extant literature and, thirdly, how these theoretical perspectives contribute to that literature.

The epistemological approach to intra-organisational subcultures allows that which is experienced by the procurement manager to be directly observed. As a reminder, *‘culture is defined as conspicuous and observable manifestations of top management’s and the procurement department’s espoused values and beliefs within the context of their subculture’*. The definition of resources remains consistent with the traditional resource-based view of the firm. As a reminder, resources are *“all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness”* (Barney, 1991: 101, emphasis added).

Culture has been used by top management in a way that communicates beliefs and values through restructuring organisational mechanisms (Brown and Treviño, 2006; Treviño, 1986). Therefore, as mechanisms provide an insight into the underlying beliefs and values (Schein, 2004), they may be observed as proxies for what is and is not valued by the organisation’s body of top management. In this thesis, they are indicators of SERP being a *desirable* or *undesirable* action.

The resource-based view of the firm recognises the importance of resource allocation to SERP initiatives (Carter and Rogers, 2008; Côté *et al.*, 2008). However, the limits to the examination of intangible resources in the SERP literature are remarks of their importance rather than around their role in SERP implementation. Carter (2005) made some progress in this respect, but linked the organisational resources of knowledge and organisational learning to financial performance rather than to the implementation of ‘purchasing social responsibility’. Individual organisational actors, however, have been seen to be an invaluable resource (human resources) insofar as they are ‘value’ (Walker *et al.*, 2008) and ‘organisational’ champions (Andersson and Bateman, 2000).

Drawing upon the theoretical background and perspective detailed in this section, the following section applies them to SERP implementation and develops a set of conceptual propositions.

3.3 Theoretical application

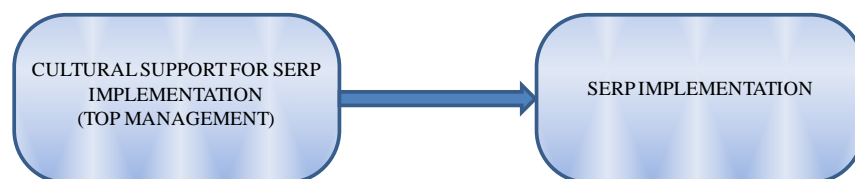
This section builds on the use of these theories in the SERP literature. In so doing, it develops a set of propositions in order to a model explaining SERP implementation.

3.3.1 Proposition development: organisational subcultures

Based on the theoretical discussions so far, this section introduces a variety of aspects that would indicate the degree to which SERP is supported by top management and by the procurement department. The propositions developed in this section are grounded in the material perspective of differentiated organisational culture (Schein, 2004) and its effect on SERP implementation within the organisation.

Proposition 1 (a-d) pertains to the degree to which top management supports or does not support the organisation's engagement in SERP activities (Figure 12). The determinants are considered to be cultural artifacts of the level of support for SERP. Proposition 2 considers the effect of the degree to which the procurement department's subculture is conducive to SERP implementation.

Figure 12: The proposed relationship between top management's cultural support for SERP and SERP implementation



3.3.1.1 Top management support

Support at this level plays a significant role in the institutionalisation of responsible behaviour (McDonald and Nijhof, 1999; Sims, 1991). This is noted by McDonald and Nijhof (1999), who exposed some important features of what it means to have the support of top management. The authors (1999) explained how the Chief Executive

Officer of their case organisation made a number of conspicuous efforts to display his support of the establishment of ethical standards. These efforts included securing appropriate resources (Carter *et al.*, 1999), being open to scrutiny and consultation as well as the preparation of training materials including a video of himself for ‘train-the-trainer’ sessions (McDonald and Nijhof, 1999). The case study led the authors (1999) to conclude that top management support has a significant impact when it unites a code of conduct, ‘presentations to the executive team’ and ‘communication to all staff’, including retraining.

Whilst the requisite support from top management in these forms may be somewhat intuitive to the onlooker, it is important to recognise the underlying feature of this issue. Carlson and Perrewe (1995: 831) alluded to this when they noted that, “A leader alone may not be able to create an ethical organization without the support of key figures around him/her. An organization’s top leadership sets the ethical tone.” Indeed, the issue that lies at the core is top management’s function as a repository of institutionalised authority (Blau, 1964).

Institutionalised authority over personnel and organisational processes is the origin of top management’s ‘ability to affect change and institute organisational norms’ (Sims, 1991). Blau (1964: 205-213) emphasises the cultural aspect of authority, which, he alludes, affords the manager the ability (dutiful, discretionary and perhaps even involuntary) to mould an organisation’s culture. It is noted that in addition to his/her contractual obligations, a manager’s actions outside of that remit (*i.e.* discretionary, and therefore potentially political, actions) can shape a *social* obligation to the group as well as to him/herself dependent on the “consensus develop[ing] among subordinates [as to whether or not] the practices of the manager contribute to their common welfare” (*ibid.*: 207). In the current study, top management’s actions inside the contractual remit are considered formal authority; and outside, informal.

The distinction that must be made here is between different sources of authority. The manager’s contractual power, for example over business processes and remuneration, stems from the institutionalised authority bestowed upon him/her at the point of taking

the position (Sims, 1991). In other words, certain measures of authority are institutionalised to the point that they are attached to the role, *not* to the individual in the role. The individual in the role is therefore automatically endowed with authority in these areas.

In the case of actions outside of the manager's remit (thus pertaining to discretionary actions), Blau (1964) argues that subordinates award legitimacy to the manager's actions by creating and reinforcing the social obligation to comply with directives if it is perceived that the manager's decisions serve to better the welfare of the subordinate collective (Blau, 1964). A disincentive for managers to do the opposite, Blau (1964) argues, is that a manager whose decisions were to instigate rising levels of dissonance among employees would not survive in an organisation.

Aghion and Tirole (1997) explore the similar notion of 'formal' and 'real' authority, whereby the former constitutes a manager's *right* to decide and the latter is his or her *effective* control over the implementation of that decision (a complementary discussion on leadership can be found below). The reiterative cycle of exercised formalised managerial power and informal employee-legitimised action forms part of the rationale for the development of non-political behaviour. This line of reasoning highlights the influential role of agents in the lower levels of the organisational hierarchy, who have also been observed to take matters into their own hands at such times as when they are subject to lenient rules and when the decision that needs to be taken is urgent (*ibid.*).

Proposition 1a: The level of top management support will have a positive effect on the degree of SERP implementation.

3.3.1.2 Leadership

In contrast to 'management', leadership is a concept concerned with the characteristics of an individual within the organisation as opposed to the actual actions he or she takes in an attempt to 'manage', such as reallocating resources (*i.e.* 'effective control' [Aghion and Tirole, 1997]; see also Kotter, 1990Figure 14). The literature speaks in terms of leadership style, such as 'transformational' (Carlson and Perrewé, 1995),

‘transactional’ (Rejai and Phillips, 1997), auto- and democratic, task-oriented or otherwise (Eagly and Johnson, 1990). Transformational leadership has been considered to be the form of leadership most conducive to the instillation of ethical practices in an organisation (Carlson and Perrewe, 1995).

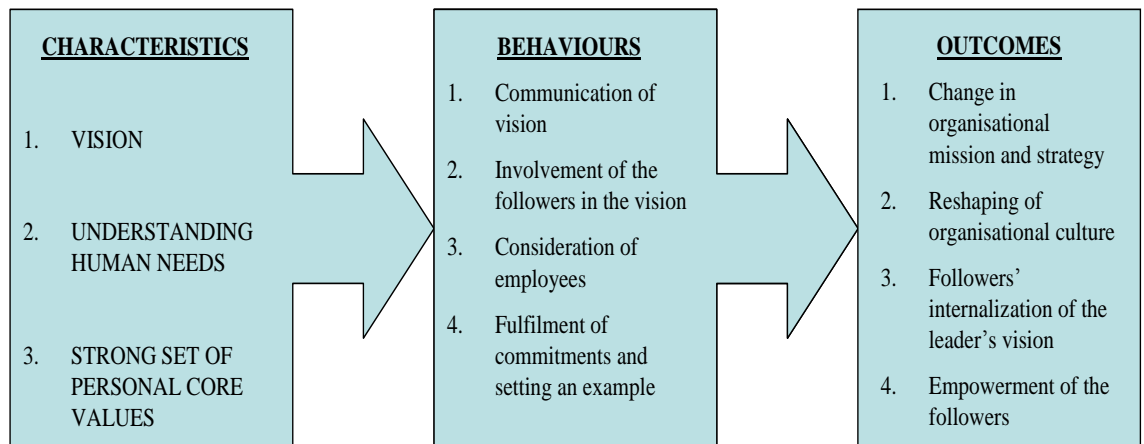
Unlike other forms of leadership, transformational leadership is based on the leader’s deep-seated personal values and his or her will to affect those of others. Unlike transactional leadership, where the leader’s success depends on his or her ability to respond to the changing needs of the followers⁴⁰, transformational leaders demand changes based on value-based notions, such as justice and other reasons beyond those which immediately satisfy the employees’ self-interest (Carlson and Perrewe, 1995). Carlson and Perrewe (1995) also consider the personal traits, specific behaviours and expected outcomes that a transformational leader should possess and can expect to be of most use in affecting change.

Leadership is often confused with ‘management’ (Rost, 1993). However, it occurs in a wholly different dynamic based on influence, *not* on authority (Rost, 1993; see Figure 13). Differences also run deeper as identified by Northouse (2004: 8; *see also* Kotter, 1990), whereby management is to “provide order and consistency to organizations, whereas the primary function of leadership is to produce change and movement”. Further differences are also demonstrated in Figure 14 below.

It can be argued that the ‘manager’ and the ‘leader’ are personalities adopted by members of senior management at times deemed necessary to call on either, depending on whether the time calls for them to affect change in or constrain behaviour (Kotter, 1990). However, scholars such as Zaleznik (1977: 70) have explicitly argued that they are in fact different (types of) people, insofar as they differ on levels of “motivation, personal history, and in how they think and act”.

⁴⁰ NB. The use of the word ‘subordinate’ is reserved for the manager-subordinate relationship, indicating hierarchical positions. Leaders have ‘followers’.

Figure 13: *Process of transformational leadership (Carlson and Perrewé, 1995: 830)*



Indeed, in the context of the present study, where SERP implementation is the goal, it may be fitting to consider the importance of an individual, whose values and motivations to instil SERP practices are very clear, and whose *influential* (not necessarily authoritative) power and personal dedication are great enough to bring this to fruition. In the literature, this person has been identified as an institutional entrepreneur (Déjean *et al.*, 2004), organisational champion (Andersson and Bateman, 2000), value champion (Walker *et al.*, 2008) and, previously, a policy entrepreneur (Drumwright, 1994).

The term ‘policy entrepreneurs’ was originally coined in the political science literature (*e.g.* Kingdon, 1984) and was used to designate those who worked to influence policy and bring certain issues to the forefront through networks. They would also be inclined to invest personal resources (time, energy and reputation) to achieve that end (Drumwright, 1994). The work of Drumwright (1994) also identified policy entrepreneurs to be one of the driving forces of socially responsible buying. These types of leaders may be found in a variety of positions within the organisation (Drumwright, 1994) and may therefore be without direct power. However, their influence could be such that procurement policy is affected and leads to the proposition that

Proposition 1b: A leader's influence will have a positive effect on the degree of SERP implementation.

Figure 14: Differences between a 'manager' and a 'leader' (Kotter, 1990)

MANAGEMENT "Produces Order and Consistency"	LEADERSHIP "Produces Change and Movement"
Planning and Budgeting Establish agendas Set time tables Allocate resources	Establishing Direction Create a vision Clarify big picture Set strategies
Organizing/Staffing Provide structure Make job placements Establish rules and procedures	Aligning People Communicate goals Seek commitment Build teams and coalitions
Controlling problem solving Develop incentives Generate creative solutions Take corrective action	Motivating and Inspiring Inspire and energize Empower subordinates Satisfy unmet needs

By extension of top management's support for SERP implementation, these manifestations in managerial and leadership behaviour may also take more objective manifestations, such as company policy and reward schemes.

3.3.1.3 Company policy

The role of company policy is to communicate the will of top management to various parties. As a political tactic, policies may serve as a response to external institutional pressure (*cf.* Oliver's [1991] strategy of avoidance) as well as a medium of communication with members of middle management and employees (von Solms and von Solms, 2004). This thesis builds on Sims' (1991) observation that policies are one of the primary mechanisms to institutionalise ethics in the organisation. The focus is therefore on internal policies designed for manager-employee communication.

The role played by such written documentation in the process of institutionalisation is to make top management's support objective⁴¹, as well as to provide guidelines for decision-making (or restrict the number of behavioural choices [Ammeter *et al.*, 2002]) to abide by these principles (Sims, 1991). It has also emerged in the empirical literature that both the perceptions of co-workers, management, and the degree to which employees feel supported, and not intimidated, to act ethically were positively influenced by the presence of a code of ethics (Adams *et al.*, 2001). Given the discussion of organisational culture in the previous chapter and its role in the institutionalisation of ethics by Sims (1991), policies play a central role in fostering the 'strong' culture needed to implement and perpetuate ethical practices within the organisation. Not only do they 'widely propagate a philosophy within the organisation' but they also make clear the direction in which the organisation's activities are to be taken (Deal and Kennedy, 1982).

In the same vein, the importance of 'cultivating a sense of common purpose' has been recognised as one of the precursors for the legitimisation of ethical practices (Pava and Krausz, 1997), which could be achieved through the formulation of policy. This is to say that policies play a part in ensuring the consensus that ethical practices are a legitimate course of action (Carlson and Perrewé, 1995) and are thus to be brought within the boundary of constrained behaviour by communicating with stakeholders. Simultaneously, policies communicate to intra-organisational agents what constitutes legitimate action within the institutional structure of the organisation. Therefore:

Proposition 1c: Internal company policy will have a positive effect on the degree of SERP implementation.

In order to build upon Treviño's (1986) findings that 'situational forces', as manifestations of senior management's values and basic assumptions, may represent their support for SERP implementation, the theoretical development shall now approach reward mechanisms and their potential effect on the implementation of SERP activities.

⁴¹Including that of their principals: the shareholders/owners of the company.

3.3.1.4 Reward schemes

Reward schemes constitute an aspect of an organisation's structure that demonstrates what constitutes legitimate/ethical behaviour within that organisation (Carlson and Perrewe, 1995). They have been conceptualised as a method of reducing agent opportunism through theories such as agency theory (Pedersen and Andersen, 2006; see also Jensen and Meckling, 1976) and the compromising effects of psychological contract violation (Morrison and Robinson, 1997).

At the same time, Treviño and Youngblood (1990) noted that, whilst rewards have had the desired effect in encouraging ethical behaviour, there has been a certain degree of discomfort in rewarding managers purely for doing the *right* thing. Pfeffer (1998) offers some guidance on this by prescribing six 'golden rules' for organisations to implement their strategies. Notably, Pfeffer (1998: 118) asserts that managers should recognise, "In signalling what and who in the organization is valued, pay both reflects and helps determine the organization's culture. Therefore, managers must make sure that the messages sent by pay practices are intended." This would indicate that, if it is to be part of an organisation's daily practice to do 'the right thing', it must become part of what the organisation is prepared to 'pay for' and, therefore, of the formal reward system.

Brenner (1992) applies a similar philosophy of reward schemes to the *implicit* and *explicit* dimensions of ethics programs. Jose and Thibodeaux's (1999) empirical examination of these dimensions found that the implicit dimension is much preferred by managers as a method of implementing ethical practices. Hence, it is important to recognise these practices in an organisation's reward mechanism: a package that exists in order to respond to and elicit the employees' expectations and communicate those of top management (Armstrong and Murlis, 2004; *cf.* studies on the psychological contract [above] and perceived organisational support [Eisenberger *et al.*, 2001]).

Management's instinct to change behaviour within the organisation may be to create separate and purpose-built structures (Sims, 1991). However, the subtlety and guise needed for SERP practices to be accepted more readily at lower hierarchical levels of

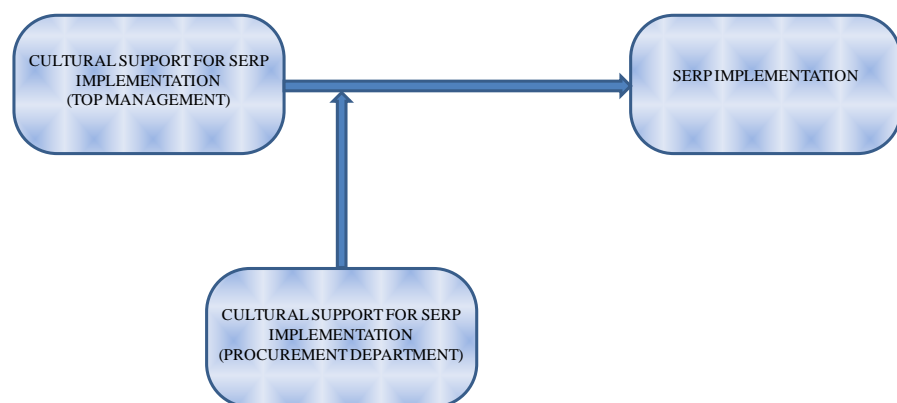
the organisation may actually be more appropriate (Jose and Thibodeaux, 1999). The obstructive perceptions of explicit, ‘purpose-built’ organisational structures revolve around the *explicit* dimensions that may be perceived as superfluous or potentially counter-productive to the daily operation of the procurement function (*ibid.*). It is posited that:

Proposition 1d: Reward schemes and other compensation mechanisms will have a positive effect on the degree of SERP implementation.

3.3.1.5 Procurement managers’ support

This section discusses the effect of the procurement department’s culture on SERP implementation (Figure 15). It not only highlights the support shared between procurement managers to engage SERP (Sathe, 1985), but also adheres to the theory of differentiated organisational culture explained earlier (Lucas, 1987).

Figure 15: Proposed effects of the procurement department's levels of extrinsic and intrinsic motivation to implement SERP activities



Whilst propositions 1a-1d pertain to the subculture of top management, this proposition pertains to the subculture of procurement managers. In this regard, it is also based on a materially differentiated view of organisational culture (Lucas, 1987; Barley, 1986; Bacharach and Lawler, 1980). Procurement managers are theorised to be part of a

different subculture than top managers for the difference in commercial pressures between the two groups (Saini, 2010) that engender different attitudes and practices (Jung *et al.*, 2009). These attitudes and practices provide an insight into their subculture (Sackmann, 1992; van Maanen, 1988). It is proposed that the alignment in SERP support between these subcultures influences the degree to which the procurement department implements the support shown by top management.

Extant concerns in the literature report that policy commitments made by top management may no longer be an effective tool to affect procurement managers' behaviour (Pedersen and Andersen, 2006; Sitkin and Roth, 1993). This proposition considers the misalignment of cultural support between top and procurement managers as one determinant of the lack of SERP implementation and cause of subsequent political behaviour (Mayes and Allen, 1977).

To focus on the procurement department as a subgroup (Lucas, 1987; Bacharach and Lawler, 1980) with its own subculture is to focus on aspects of the group that are not only shared among managers in the department but that also affect the probability of the department's engagement in SERP activity. This is to say that the procurement managers' experience of material efforts made by top management constitute the 'shared' experience in the procurement department. Procurement managers all experience the effect of policy, reward schemes and the variety of less formal ways top management express their support in the organisation. However, this study goes further so as to allow for the reaction of procurement managers to this experience. Their reaction and reports are manifestations of the values held in that organisational subculture that are posited to moderate the transmission of top management's implicit message (propositions 1 a&b) and explicit instruction (propositions 1 c&d) into action. Therefore:

Proposition 2: The degree to which the procurement department's support for SERP is aligned with that of top management positively moderates the relationship between top management's support for and the implementation of SERP.

3.3.2 Summary of cultural determinants of SERP implementation

This section has offered two principal propositions; firstly, that the level of top management's support has a positive effect on the degree of SERP implementation (propositions 1 a-d) and, secondly, that the degree to which the culture within the procurement department positively moderates this relationship (proposition 2). These broad propositions were broken down into five indicators of support manifested within an organisational subculture. A reminder:

- | | |
|-----------------|---|
| Proposition 1a: | The level of top management support will have a positive effect on the degree of SERP implementation. |
| Proposition 1b: | A leader's influence will have a positive effect on the degree of SERP implementation. |
| Proposition 1c: | Internal company policy will have a positive effect on the degree of SERP implementation. |
| Proposition 1d: | Reward schemes and other compensation mechanisms will have a positive effect on the degree of SERP implementation. |
| Proposition 2: | The degree to which the procurement department's support for SERP is aligned with that of top management positively moderates the relationship between top management's support for and the implementation of SERP. |

The first four of these propositions (1 a-d) are measures of how conducive top management's culture is to SERP implementation. In line with the theory of differentiated organisational culture (Lucas, 1987), all four of these propositions pertain to material evidence for the organisational subgroup's culture. Following Carter (2000b), material evidence is taken as a proxy consistent with the underlying layers of culture (Schein, 2004) that are difficult to reliably observe in a short timeframe (Carter, 2000b).

Proposition 2 is congruent with this perspective on organisational culture and remains at the same level of analysis. This proposition recognises that the very act of engaging in SERP activities would show that the culture in this subgroup is conducive to the implementation of SERP policies. However, rather than identifying a subculture's conducive or unconducive nature to implement SERP activities (cf. Bandura's [1986] distinction between 'motivation' and 'amotivation'), the current model acknowledges that the variety of facets of the procurement department's subculture engender a variety of reactions to the efforts made by top management to implement SERP in the organisation. The resultant theoretical scenarios are presented in Table 6 below.

The following section introduces the resource-based view of the firm (RBV) and proposes four propositions from this theoretical perspective that would influence SERP implementation.

Of interest are 'core' resources, identified by Andersen and Skjoett-Larsen (2009) as those that are attached to SERP implementation rather than to the industrial or organisational context (Andersen and Skjoett-Larsen, 2009). This is to say that the following discussion does not focus on identifying and discussing *all* the contextually-dependent capabilities that could possibly help organisations to implement SERP in their supply chain management practice. It does, on the other hand, seek to focus on the *capabilities* that every procurement department would need to maintain or increase, in order to engage in SERP activities (*ibid.*).

Table 6: *Theoretical scenarios of the interaction between top managers' (TM) and procurement department's (PD) subcultures*

	Is top management culture supportive of SERP?	Is the procurement department's culture supportive of SERP?	Is SERP implemented?	Theoretical proposal
1.	YES	YES	YES	SERP implemented as a non-political action.
2.	NO	NO	NO	Non-political inaction, due to agreement that SERP should not be implemented
3.	YES	NO	YES	Powerful and conducive TM subculture
4.	NO	YES	YES	Powerful and conducive PD subculture
5.	YES	NO	NO	Powerful and unconducive PD subculture
6.	NO	YES	NO	Powerful and unconducive TM subculture
7.	NO	NO	YES	Undetermined source of action.
8.	YES	YES	NO	Lack of PD capability to engage in SERP

3.3.3 Proposition development: organisational and human resources and SERP implementation

Where subcultures in the body of top management and the procurement department are conducive to SERP implementation, it is argued that the procurement department must also have access to or possess the ‘capability’ in order to put this cultural support into *action* (Mamic, 2005; Roberts, 2003). A lack of capability can be seen in scenario 8 of Table 6 that shows high levels of intra-organisational support that, in the end, remain unimplemented. This section (proposition 3 a-f) discusses intra-organisational resources that serve to facilitate the implementation of top management’s and the procurement department’s support to engage in SERP activities. In congruence with the differentiated lens on organisational culture taken in the previous section, this section focuses on *organisational* and *human* resources (Barney, 1991).

Studies have shown, with regard to financial resources, that costs incurred in the attempt to improve responsible practices can have an adverse effect on a firm’s financial performance (*e.g.* Bragdon and Marlin, 1972; Walley and Whitehead, 1994; Barbara and McConnell, 1990). Others have found a significant lack of a relationship between the two variables (Alexander and Buchholz, 1978; Abbott and Monsen, 1979; Aupperle *et al.*, 1985). This is compounded by Min and Galle’s (1997) finding that the most highly rated obstacle for purchasing managers to introduce environmental programs is the perception that they are financially disadvantageous to the organisation. However, the origin of top or procurement managers’ support (or lack thereof) and their perceptions lie outside of the current model.

3.3.3.1 Importance of the procurement function

The strategic importance of the procurement function within the organisation demonstrates top management’s recognition of the importance of the organisation’s inputs and their contribution to organisational performance (Freeman and Cavinato, 1990; see also Carr and Schmeltzer, 1997). Carr and Pearson (2002) found, for example, that strategically operated procurement functions fostered close and long-term relationships with suppliers rather than traditional arm’s-length and transactional relationships. This support provided by the organisation encourages procurement managers to seek out and exploit opportunities to acquire inputs that contribute to the

organisation's survival (Lee *et al.*, 2009b). Were top management to effectively communicate that SERP is valued in the organisation (Sims, 1991) and make it clear that the procurement department is of strategic importance in the achievement of this goal (Freeman and Cavinato, 1990), Lee *et al.*'s (2009b) argument would give rise to managers 'seeking out and exploiting opportunities' to implement SERP.

In the same vein, effectively communicated support to integrate SERP into procurement practice would be facilitated by the salience of the procurement function within the organisation (New *et al.*, 2000). In other words, should the procurement department be perceived in the organisation as a contributor to performance and hence as part of corporate strategy, it will respond by implementing the supported level of SERP. Therefore, it is posited that

Proposition 3a: The degree of importance of the procurement function positively moderates the relationship between top management's support for and the implementation of SERP.

3.3.3.2 International experience of the procurement function

Experience of the procurement function has been the empirical focus of numerous studies in various contexts. Experience has been studied primarily in two ways: firstly, as the individual's employment within the procurement department (e.g. Slingerland *et al.*, 2006); secondly, as the amount of experience a buying organisation has with its supplier (e.g. Hill *et al.*, 2009; Cousins *et al.*, 2007; Artz, 1999).

In light of previous studies, experience is arguably a salient issue in all contexts of SERP implementation. It is deemed particularly valuable in the current study to consider experience in the context of SERP implementation in international contexts and therefore at the organisational level. This both brings the focus of the study in line with the project's theoretical perspective and recognises supplier relationships that have been established in the attempt to lower production costs. This has given rise to relationships with suppliers domiciled in nations characterised by institutional contexts that are at odds with the values of and pressure for SERP experienced by the buying organisation (Tadepalli *et al.*, 1999).

Examples of the first contributions to this area include Frenkel (2001), who recognised the importance of international considerations, as British businesses have increasingly looked abroad in the search of financially advantageous supplier relationships. Tadeipalli et al. (1999), whose study looked into the mixed understandings of and attitudes towards SERP between American and Mexican procurement managers, highlighted the importance of experience to mitigate the effect of actions borne in institutional contexts engendering a set of norms that are at odds with those in the nation of the buying organisation.

Organisations faced with the challenge of reconciling stakeholder pressure with potential social and environmental violations made by foreign suppliers, therefore, may benefit from knowledge of foreign cultures (Johnson *et al.*, 2006), of local languages (Welch and Welch, 2008) and of local institutional frameworks, within which suppliers operate (Eriksson *et al.*, 1997) – *ergo* experience with international suppliers. Buying organisations may also establish incentives or a system of reward and punishment (Bowen, 2001b; Pedersen and Andersen, 2006). Through continued experience dealing with foreign suppliers, it is posited that the use of such mechanisms would be more effective when applied in international contexts (Hill *et al.*, 2009; Cousins and Lawson, 2007; Artz, 1999). Therefore, it is posited that

Proposition 3b: The degree of the procurement department's international experience positively moderates the relationship between top management's support for and the implementation of SERP.

3.3.3.3 Level of supply chain process sophistication

This concept aims to capture the variety of internal processes established by and entirely within the buying firm (Barney, 1991), in order to reduce transaction costs (Lee *et al.*, 2009a&b; Williamson, 1985); to reduce supply risk (Zsidisin and Smith, 2005); and to improve supplier performance (MacDuffie and Helper, 1997; *see also* Carter and Narasimhan, 2000; Krause, 1999).

Sophisticated supply chain processes mitigate the effects of uncertain industrial environments (Noordewier *et al.*, 1990) that characterise SERP, given the variance of its effects on organisational and financial performance (*e.g.* Bragdon and Marlin, 1972; Walley and Whitehead, 1994; Alexander and Buchholz, 1978; Abbott and Monsen, 1979). Although the original purpose of sophisticated supply chain processes in the buying firm's procurement strategy is likely to have been financial (Carr and Pearson, 2002; McGinnis and Vallopra, 1999), they serve in this study as a resource for the procurement department to communicate their support for SERP practices to the supplier. Buying firms are hence able to improve the processes through which organisations interact with one another (Heide and John, 1990; *see also* Pilling *et al.* [1994] for a treatment of informal information flows facilitating high degrees of adaptation).

Organisations, however, need to be aware of the risks, as high degrees of involvement pose a potential risk to the buying firm, as such investments are both non-transferable and, more importantly, unrecoverable (Krause *et al.*, 2007). They can also have adverse effects on the performance of the relationship (Wynstra *et al.*, 2001). Hoegl and Wagner (2005) highlight that, for example, if the involvement of the supplier is to aid the relationship, either at the strategic or at the project level, it is important to specify the way in which this process should be managed (*see also* Brown and Eisenhardt, 1995; Anderson and Jap, 2005). However, Hoegl and Wagner (2005: 540) do support the increased involvement of suppliers in projects in terms of "efficiency (development schedule and development cost) and effectiveness (product cost and product quality) of product development projects".

Turning our attention to the effect of sophisticated supply chain processes on an organisation's ability to implement SERP, the formation of a strong supplier alliance is an organisational resource that can be unilaterally controlled by the buying organisation and tailored to its level of support for SERP (Barney, 1991). These alliances have been closely associated in the SERP literature to a variety of benefits. These include making the goals of the relationship more congruent between the organisations involved (Pedersen and Andersen, 2006) and specifying the role of relationship-specific investments (Hoegl and Wagner, 2005) aiding organisations that are a) dependent on key, external resources and b) facing uncertainty in their supply chain (Carter and

Rogers, 2008; *see also* Noordewier *et al.*, 1990). Empirical observations in the SERP literature have also highlighted the role of sophisticated processes in organisations dependent on environmentally friendly inputs (Carter and Carter, 1998). With these benefits shown in the literature, it is posited that

Proposition 3c: The degree to which sophisticated supply chain processes are present positively moderates the relationship between top management's support for and the implementation of SERP.

3.3.3.4 Skills and knowledge pertaining to SERP implementation

Skills and knowledge pertaining to SERP implementation, or the lack of it, has been widely recognised in the SERP literature. Razzaque and Hwee (2002) noted that employees' knowledge of religion and ethics enabled them to engage in what were labelled 'social engineering activities' to affect the way in which ethics were understood. In a similar vein, Drumwright (1994) also refers to the 'skills' that a policy entrepreneur must possess in order to promote his or her 'cause' and affect change.

Cases where a lack of knowledge has been salient include Zhu *et al.*'s (2008c) study of Chinese manufacturers that highlighted the lack of skills as a barrier to responding to the buyers' pressures. Similarly, Ciliberti *et al.* (2008) made a specific reference to the lack of legislative knowledge among their sample of SMEs as a barrier to passing CSR down the supply chain in addition to Mamic's (2005) sample of multinational enterprises that reported the common worry of managers' lack of knowledge of local labour law (*see also* Welford and Frost, 2006). Even if knowledge were present, it is important to observe whether the systems in place to facilitate an organisation's learning are effective but also that the actors, at whose disposal these systems are, possess the capability to translate the acquired knowledge into action (Roome and Wijen, 2006).

Rudolph *et al.* (2009) posit a useful conceptual framework in this respect detailing that the knowledge acquired is continually modified through the process of action and interpretation. They explain that, "as [actors] pursue solutions, their diagnoses and actions co-evolve; feedback links together their sensemaking and decision-making processes." (*ibid.*: 733). This is to say that it is through attempting to solve a problem

that other potentially fruitful avenues that require further and different types of action become apparent to the actor. The authors (2009) highlight that actors susceptible to this type of problem-solving would be in ‘high-velocity’ environments. Examples would be professionals ‘troubleshooting manufacturing challenges’ (ibid.) and who are “facing problems that are neither completely novel nor completely routine” (ibid.: 734). This conceptualisation links Rudolph *et al.*’s (2009) study to the context of procurement professionals encountering suppliers’ manufacturing practices that are potentially incongruent with those expected by the buying organisation. By including Rudolph *et al.*’s (2009) reasoning that, in such contexts, “[...] the best information may emerge only after taking action.” (ibid.), it is possible to extend the earlier argument linking culture and resources, in order to suggest that a culture that encourages procurement managers to learn through action (cf. Roome and Wijen, 2006; see also Rudolph *et al.*’s [2009] ‘adaptive mode’) may well indeed be a valuable and non-substitutable resource (Barney, 1986)⁴² when implementing SERP policy.

It is, however, not the contention of this section that this is necessarily the most effective way of learning. Whilst a culture can encourage this form of learning and behaviour adaptation, the possibility should not be denied that procurement managers’ skill and knowledge to pass CSR up the supply chain may actually originate intrinsically (Deci, 1975). This is to say that their actions, from which skills and knowledge originate may stem from a source of motivation that lies within them, their character or unique history (ibid.), as opposed to through repeated interaction with the phenomenon encouraged extrinsically (e.g. by the organisation’s culture). Gottschalg and Zollo’s (2007) contribution to the Academy of Management Review highlights three intra-organisational mechanisms that can be used to align the actions of the agent with the goals of the organisation (ibid.). During the proposition development of the indicators of organisational support, reward systems were seen to motivate agents by targeting extrinsically motivated employees. Intrinsically, the authors (2007) explain that organisations can use ‘job design’ and the ‘socialization regime’ to align organisational and individual interests. This latter mechanism is of particular interest in our discussion of skills and knowledge insofar as it pertains to the training practices of the organisation (cf. Sims, 1991).

⁴² For a more detailed treatment of why cultures may not be ‘rare’ and ‘inimitable’, please see Martin (2002: 62-64).

Although a supporting activity to SERP, the literature has identified training as a key component to its implementation (Lee, 2008; see also Bartel, 1991). It has been linked with the avoidance of (unnecessary) contract termination and more trusting relationships (Welford and Frost, 2006). Mamic (2005) posits that the most effective methods of training move beyond the classroom. She cites examples of audience participation and scenario enactments to enhance the learning process.

Cost and disagreement of the issues to be discussed are considerable barriers to the implementation of training programmes (Mamic, 2005). Moreover, it was seen in the same study that the majority of training efforts were focussed on compliance or health and safety officers rather than the procurement management team. Cost was also of some concern among Welford and Frost's (2006) participants, who had the will to invest more into training workers but were, in fact, constrained by large customers pushing prices down. Therefore:

Proposition 3d: The degree of skills and knowledge pertaining to SERP activities positively moderates the relationship between top management's support for and the implementation of SERP.

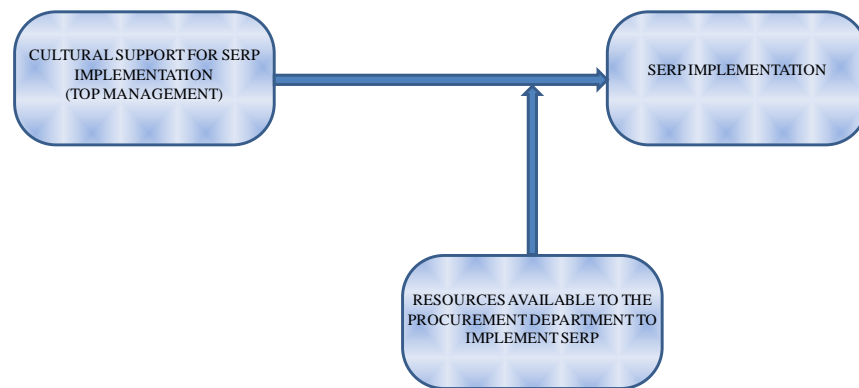
3.3.4 Summary of organisational and human resources and SERP implementation

This section has provided a conceptual insight into the core resources (Andersen and Skjoett-Larsen, 2009) available to the procurement department, the presence and use of which would enhance the organisation's and the procurement department's cultural support to implement SERP. These discussions have led to the following propositions. Figure 16 below depicts the moderating relationship between these resources and the implementation of SERP activities.

Proposition 3a: The degree of importance of the procurement function positively moderates the relationship between top management's support for and the implementation of SERP.

- Proposition 3b: The degree of the procurement department's international experience positively moderates the relationship between top management's support for and the implementation of SERP.
- Proposition 3c: The degree to which sophisticated supply chain processes are present positively moderates the relationship between top management's support for and the implementation of SERP.
- Proposition 3d: The degree of skills and knowledge pertaining to SERP activities positively moderates the relationship between top management's support for and the implementation of SERP.

Figure 16: Proposed moderating effect of the procurement manager's capability to implement SERP activities



3.4 Conclusion

This chapter has been organised into two principal parts: theoretical background and theoretical application. The former provided both the definitions employed in this thesis as well as the background of each theoretical perspective. A detailed overview was given of how each theory had featured in the SERP literature. The theoretical application provided comprehensive discussions of how these theories contribute to an answer to the following research question:

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

Subsequently, theoretical propositions were formed that posited the relationship between a variety of theoretically representative constructs and SERP implementation.

3.4.1 Theoretical background

Given the demands of the research question, a materialist perspective on differentiated organisational culture is adopted. This decision gave rise to the following definition of organisational culture and was taken for five reasons.

Culture is defined as conspicuous and observable manifestations of top management's and the procurement department's espoused values and beliefs within the context of their subculture.

The first reason is that this framework views the lack of SERP implementation as an intra-organisational political problem (Lucas, 1987; Cyert and March, 1963). This is to say that SERP is an activity, engagement in which may suit or jar with the common interests held by a group of organisational actors (Lucas, 1987; Bacharach and Lawler, 1980).

In the current model, these 'groups of organisational actors' are the body of top management and the procurement department. Each of these groups is said to possess a set of interests that are common among their members. The political process is borne of differences in these interests and the efforts to reconcile them. Moreover, in viewing this misalignment as an opportunity, an equilibrium may be reached by conceptualising the organisation as an 'evolving rule system' that works toward such an equilibrium through a 'process of [...] political interactions' (Kostova *et al.*, 2008: 1002). Therefore, all efforts observed within the organisation to implement SERP are considered efforts to reduce political behaviour and to narrow the cultural distance between these two organisational subcultures and to cultivate the procurement manager's ability to engage in SERP activity.

The second reason for this definition is that it places emphasis on employees' 'common frame of reference' and thus focuses on cultural mechanisms that are external to the

individual and, by extension, are shared by more than one person. Thirdly, the emphasis on the employees' 'common frame of reference' allows the research to identify consistencies between organisations of that which aids and hinders the implementation of SERP practices. The fourth reason centres upon Jung *et al.*'s (2009) argument that the examination of values is not beneficial to studies of organisational culture – after all, *practices* constitute what members of an organisation *actually* do regardless of inconspicuous facets of culture that are arguably unique to the individual (cf. fragmentation perspective of culture [Meyerson, 1991]). This leads onto the fifth reason that is based on Martin's (2002) assertion that 'material' does not always mean 'physical' as Gagliardi (1990) stated. Indeed, 'material' alludes to the observable characteristics of culture, which includes verbal reports (Martin, 2002).

It is the contention of this chapter that putting an organisation's cultural support into practice requires a certain level of capability to do so. It is assumed that certain capabilities are generally applicable to SERP implementation (core capabilities [Andersen and Skjoett-Larsen, 2009]) and others are more specific to the context within which the organisation operates. Core capabilities are examined through the theoretical lens of the resource-based view of the firm and defined as the following:

“all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness”

Barney, 1991: 101

The literature that explores this theory is characterised by a considerably higher degree of unity with regard to what constitutes a resource than, for example, what exactly constitutes culture. Indeed, conflict does occur (cf. Barney [2001] vs. Priem and Butler [2001]) however, the approach taken in the literature rarely diverges from Barney's (1991) original assertions.

3.4.2 Theoretical application

The application of these theories develops propositions at the organisational and departmental level of analysis. These propositions build on the current literature by combining the theories to posit that an organisation needs the support for SERP as well as the resources to implement that support. The same contention could be phrased as the organisation's need for the resources to implement SERP as well as the intra-organisational support to allocate and use these resources in a way that is coherent with the support for SERP.

This conceptualisation of SERP implementation led to the discussion and proposition of constructs for empirical measurement. The first section of the proposition development: proposed constructs of top management's and the procurement department's support for SERP implementation. These measures were defined to be those that exist entirely within the organisation's boundaries and therefore wholly under managerial jurisdiction:

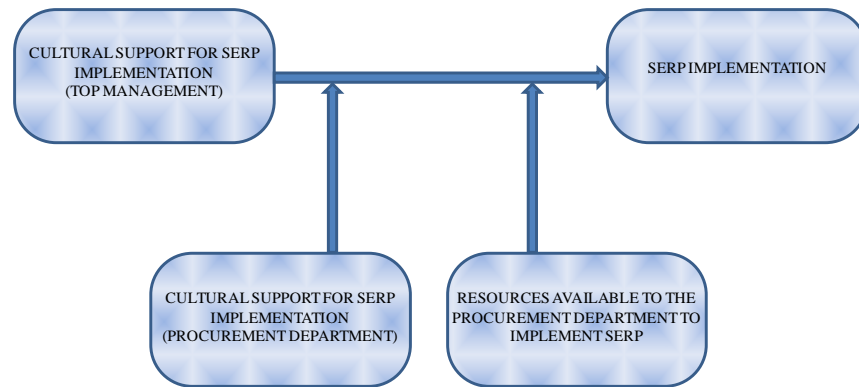
- 1a. Top management support
- 1b. Leadership
- 1c. Company policy
- 1d. Reward and other compensation schemes
2. The alignment of cultural support for SERP implementation between top management the procurement department.

The second half of the proposition development examined the 'core' resources (Andersen and Skjoett-Larsen, 2009) that the procurement department could draw upon to implement SERP. It was recognised in the framework that organisations require different types of resources in accordance with the different contexts, in which they operate (*ibid.*) and that the value of the model would increase by concentrating on 'core' resources needed to implement SERP in general rather than in certain industrial or organisational contexts. They are:

- 3a. The importance of the procurement function within the organisation
- 3b. The international experience of the procurement department
- 3c. Sophisticated supply chain processes

3d. Skills and knowledge pertaining to SERP implementation

Figure 17: Conceptual framework



These propositions are depicted in the conceptual framework (Figure 17). The following chapter discusses the philosophical and methodological approach to examining this theoretical framework.

4. Research Philosophy and Design

4.1 Introduction

Thus far, this thesis has provided a comprehensive quantitative and qualitative analysis of the relevant literature and an in-depth discussion of the future research opportunities emerging from the shortcomings of the SERP literature. The opportunity taken in this thesis is to examine the wholly internal organisational characteristics and processes that influence an organisation's level of SERP implementation. The research question is:

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

The conceptual approach to this question synthesised theories of differentiated organisational culture and the resource-based view of the firm. A differentiated view of organisational culture is adopted in light of differing intra-organisational attitudes that may be part of the reason for a discrepancy between policy and practice. With regard to resources, the thesis concentrates on organisational and human resources that may serve to help or hinder SERP implementation regardless of industrial context (Andersen and Skjoett-Larsen, 2009). The synthesis of these theoretical perspectives and their application to SERP implementation resulted in nine propositions. These are:

- 1a. Top management support;
- 1b. Leadership;
- 1c. Company policy;
- 1d. Reward and other compensation schemes;
- 2. The congruence between top management support and support of the procurement managers for SERP implementation.
- 3a. The importance of the procurement function within the organisation;
- 3b. The international experience of the procurement department;
- 3c. Sophisticated supply chain processes;
- 3d. Skills and knowledge pertaining to SERP implementation

The purpose of the current chapter is to build on the proposed theoretical model with a discussion on the empirical approach to it. The discussion is structured in the following way.

4.1.1 Structure

This chapter explains three aspects of this thesis. The first constitutes the philosophy underpinning the methods employed in this research. This includes a discussion on the meaning and role of ontological and epistemological stances in this study. It continues with an analysis of the use of mixed methods and the relevant assumptions.

The second part of this chapter centres upon the use of the quantitative methods to examine certain aspects of the conceptual model developed in the previous chapter. It details sample characteristics; the process of data collection; and the innovative process of developing the dependent variable. It also comments on the influence of bias.

The third section describes the use of case studies, i.e. to study in more depth the findings of the quantitative study in a confirmatory manner. The studies retained an exploratory element in order to remain open to findings outside of the hypothesised relationships of the conceptual model but still within the scope of the study. This section also includes a brief discussion and justification of the organisations examined and sources of data selected.

4.2 Research philosophy

The literature is often presented in extreme dichotomies with the aim of demonstrating how different views on the nature of reality can be (Schrag, 1992; Burrell and Morgan, 1979), more recent developments in epistemological and methodological literatures advocate a pragmatic approach toward the issue (*e.g.* Morgan, 2007)⁴³. Pragmatism argues that the decision of an epistemological stance must be based on the requirements of the research question. The overarching requirement of the research question shaping this process is the recognition that conclusions, aiming both to contribute to theory development and to guide practitioners' action, rely upon the accurate identification of

⁴³ This application of pragmatism stems from the arguments of methodological scholars, such as Johnson and Onwuegbuzie (2004) and Greene *et al.* (1989).

empirical regularities (cf. the notion of ‘stylised facts’ in Helfat, [2007]). Ultimately, these are regularities that the research instruments are only able to identify through the participation and reported actions of individuals interacting with SERP implementation.

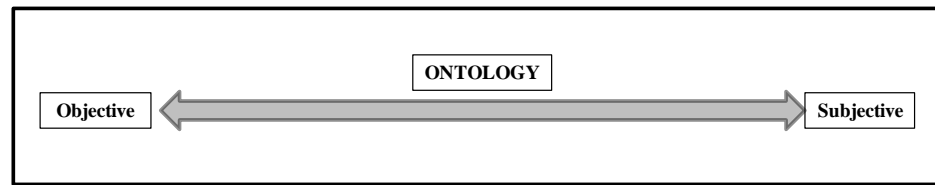
The discussion follows Johnson and Onwuegbuzie’s (2004) framework to explain the interaction between ontology and epistemology. Following this, justifications are made for the choice of an objective ontology and subjective epistemology that are the foundations of the critical realist perspective adopted in this thesis (Bhaskar, 2008). Consistent with this perspective, mixed methods were chosen to understand individuals’ interactions with the phenomenon from different perspectives (Johnson and Onwuegbuzie, 2004).

4.2.1 Ontology and epistemology

Philosophical stance in research is a product of the researcher’s understanding of the nature of reality (ontology) and his or her understanding of how research can discover that reality (epistemology). Ontology and epistemology can be labelled as objective or subjective (Johnson and Duberley, 2000; Figure 18). Objectivism would suggest that reality exists independently of the individual. Subjectivism would suggest that reality is a product of the mind and that each individual does in fact not only have a different experience of reality, but also accesses a reality at odds with realities of other individuals who in turn create their own realities (*ibid.*).

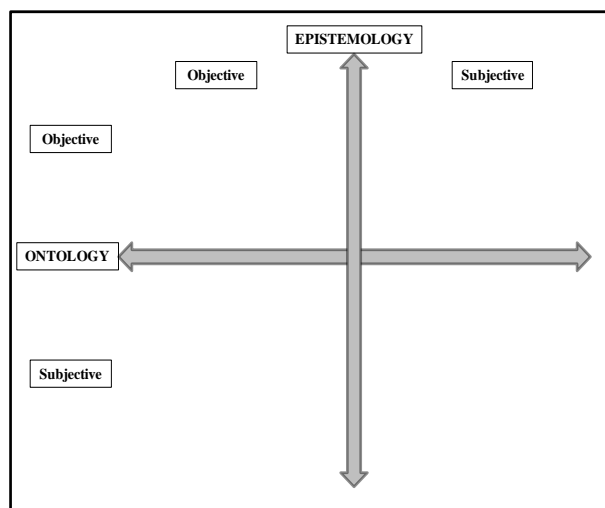
The identification of ‘empirical regularities’ seeks to satisfy demands made by an instrumental research question (Helfat, 2007). It thus becomes possible to identify consistent patterns between organisations. This demand steers the ontological stance of this research towards objectivism, as it is a perspective that recognises that these patterns are a result of a reality, with which each participant in the study is interacting; rather than a product of subjectivity, which would not lend itself to the identification of *regular* patterns that are external to the individual.

Figure 18: *The nature of reality (Johnson and Duberley, 2000: 180)*



Whilst an objectivist ontological stance is appropriate for the current research, the same consideration needs to be given to *how* this objective reality is discovered. This is to say that an epistemology can also be subjectivist or objectivist (Johnson and Duberley, 2000; Figure 19).

Figure 19: *Reflexivity in management research (Johnson and Duberley, 2000: 180)*



4.2.2 Critical realism

The epistemology is required by the research question to be subjectivist. The reason for this is twofold. Firstly, it is posited that top managers manifest their values through behaviours and policy commitments. The current study is concerned with the procurement managers' interaction with these manifestations and thus seeks their subjective experience. Secondly, seeking subjective experiences solicits a wide variety

of responses. This, in line with the differentiated approach to organisational culture, reflects the different pressures forming the organisational subgroup's culture.

This philosophical approach maintains that the research techniques can uncover only part of the reality. However, as Bhaskar (2008: 249) notes in his seminal work, this is *not* to say that “a scientist cannot know the same object under two or more different descriptions.” If different descriptions indicated necessarily different objects, this would promote the existence of a subjective and thus constantly changing reality (Johnson and Duberley, 2000). This is evidently not conducive to the necessity of identifying ‘empirical *regularities*’ required by the current research question. Equally, it must not be ignored that SERP, as behaviour and a manifestation of the organisation's beliefs and values (Schein, 2004), is a product of a social interaction (between top management and the procurement department) that is neither ahistorical nor independent of the human agents who are to implement this behaviour (Mingers, 2004).

Knowing an objective reality through a subject's experiences of that reality, however, has been expressed by Bhaskar (2008) in terms of ‘intransitive’ and ‘transitive’ dimensions respectively, whereby intransitive ‘reality’ is expressed through ‘transitive’ perceptions (*see also* Harvey, 2009). It is a pivotal aspect of critical realism's purpose that these ‘intransitive’ dimensions, or objects, are identified. Johnson and Duberley (2000: 155) explain that the aim lies in the “abstract identification of the structures and mechanisms which, although not directly observable, underlie and govern the events of experience and hence explain *why* regularities occur.”

Not only is this in line with the necessity to identify regularities in the empirical world and thus asserts that reality is ontologically objective but it also advocates that this reality can only be known through subjective accounts of experiences with this reality. It is principally these philosophical bastions of critical realism that carry through into the following sections.

4.3 The mixed method approach

In line with critical realism, the methods employed shall adopt an objective ontology and subjective epistemology. A brief exposé of quantitative and qualitative methods is offered before a justification for their use.

Methods adopted by researchers are often associated with certain philosophical schools of thought (Downward and Mearman, 2007). In contrast to their qualitative counterparts, quantitative methods have been associated to a greater degree with the “harder” natural sciences (Maylor and Blackmon, 2005). In this vein, quantitative methods have earned the reputation to seek out as their ultimate goal findings that are ‘generalisable’ to the population represented by the study’s sample, by placing emphasis on large samples and statistical significance (*ibid.*). The current study adheres to this school of thought also, insofar as ‘generalisable’ findings are useful for both practitioners and scholars to generate theory and understand the outcomes of certain actions. Indeed, Drumwright (1994) identifies the use of solely a survey to examine the phenomenon would have failed to identify policy entrepreneurs, which emerged as a pivotal finding of the study. She explains that policy entrepreneurs in her sample were often located outside of the purchasing function and therefore would have been impossible to locate as respondents to a survey.

In a similar way, criticisms of qualitative studies include the significant amount of investment of time and money (Miles and Huberman, 1994). However, they offer an effective tool to uncover the reasons behind “statistically significant findings” as well as the initial step to delving into uncharted research territory, from which quantitative measures may be extrapolated (*cf.* Maylor and Blackmon, 2005).

The mixed method design (the integration of quantitative and qualitative methods into a single mode of investigation) has been considered by Yin (2009). In his discussion, he poses the possibility that the relationship between case studies and quantitative studies can assume one of two orientations. The first is where the quantitative study is part of the case study and the second is the inverse. The latter describes the function of case studies in the current research, in which the “main investigation may rely on a survey or other quantitative techniques, and [the] case study may help to investigate the conditions within [...] the entities being surveyed” (Yin, 2009: 63).

4.4 Assumptions

In adopting this philosophical and methodological stance, the study is conducted on the basis of some substantive assumptions. There are three principal assumptions: the supportive nature of the external environment for SERP implementation; the overriding nature of discretionary activity over stakeholder demands; and, third, the assumption that organisational structures require organisational agents' support for survival.

Organisations operate in an environment that supports their survival by deeming their operations 'legitimate' (Scott, 2001; Meyer and Scott, 1983). Organisations thus seek to increase levels of legitimacy by managing their stakeholders' perceptions of them (Mitchell *et al.*, 1997), often through the creation of policy (Clarkson and Deck, 1993; Oliver 1991). Nonetheless, an external environment that supports an organisation's SERP implementation would be characterised, using DiMaggio and Powell's (1983) framework, by either stakeholder pressure or legal mandate (Northouse, 2004) (normative); primary stakeholders (Mitchell *et al.*, 1997) using their economic power in order that the focal organisation engages in SERP (coercive); or by industry competitors engaging in SERP to increase their competitive advantage (mimetic) (see Mizruchi and Fein, 1999).

As seen in the literature review of this study, SERP, insofar as it exceeds regulatory requirements, is a discretionary activity (Davis, 1973; Hunt and Auster, 1990; Roome, 1992). The study assumes that this characteristic of SERP brings it entirely under the control of intra-organisational actors. Industrial contexts and organisational visibility may affect the intensity and 'urgency' of stakeholder pressure (Mitchell *et al.*, 1997) and, according to context, stakeholder pressure may be at a level high enough to affect the actions of the procurement department directly. Similarly, an organisation's stakeholders communicate demands that are subject to the discretion of the organisation according to the demands' strategic fit and subsequent reaction (Oliver, 1991). This more likely situation affords more value to the study of intra-organisational characteristics, culture and resources, as a means of an organisation's reaction to the demands made to engage in SERP activity.

The second assumption is that organisational structures are not self-replicating. Scholarly attention to the role of organisational structures (notably from contributors to

institutional theory) has emphasised their role of governing an organisational agent's action (Scott, 2001; DiMaggio and Powell, 1983). This is to say that the organisational structures, such as policies, reward and penalty schemes as well as training and other socialisation routines, guide the behaviour of the individual to an extent that significantly limits the individual's choice of action (Ammeter *et al.*, 2002). However, recent contributions to the field, *institutional work* (Lawrence *et al.*, 2009), focus on how action creates institutional structures. This body of research inspired the inclusion of the procurement department's subculture and the recognition that intra-organisational (institutional) structures are subject to the will of actors who 'decide' to maintain through repetition or change the current structure (Battilana and D'Aunno, 2009) and that a dialogue exists between top management and operational functions.

4.5 Quantitative study

This section describes the quantitative study of SERP implementation.

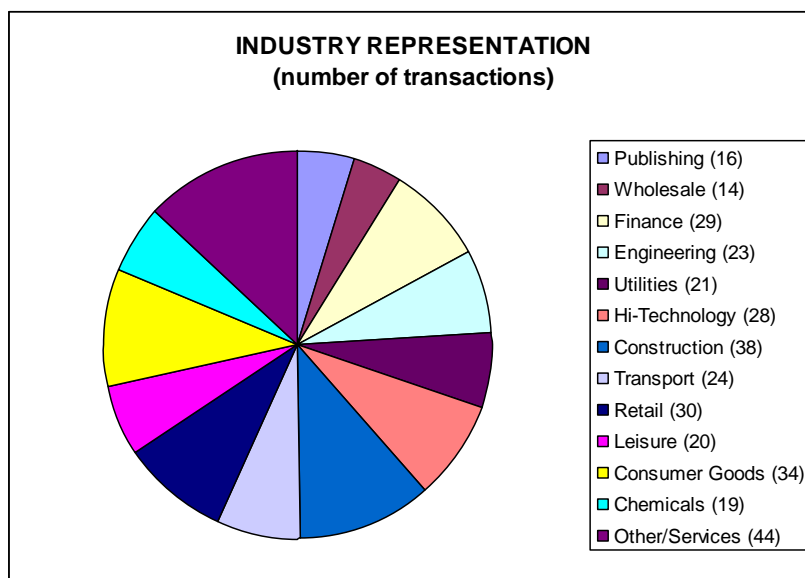
4.5.1 The sample

The study's sample was taken from a population of organisations in multiple industries operating within the United Kingdom. No discrimination was made on the basis of industry, ownership status or geographical location within the United Kingdom. The survey thus captured a wide cross section of British industry sectors (Figure 20). The study focussed on larger companies whose presence is more prevalent on databases and the FTSE stock exchange. The contact details of potential organisations were identified using the FAME database. The primary requisite for an organisation to participate was its headquarters or its main operation to be located within the United Kingdom. Beyond this, the body of organisations contacted consisted of British-owned businesses; foreign-owned businesses; and the most profitable businesses. Given the focus on larger organisations, it is useful to state here that studies, e.g. Min and Galle (2001), have found a consistent correlation between the size of an organisation and its engagement in various supply chain activities, including SERP activity.

The reason for the broad focus lies in the aim of identifying both "core capabilities" (Andersen and Skjoett-Larsen, 2009) rather than those based on industrial context as well as "empirical regularities" (Helfat, 2007). With this goal, the outcome of the

quantitative study pertains to profit-driven organisations in the context of British industry. Taking this into consideration, future studies may respond to the maturing literature on SERP and begin to understand the particular structural and industry-contextual pressures that shape the procurement department's responsible behaviour.

Figure 20: Representation of participating industries



In the first instance, participation in the study was solicited through mass emails. Companies were subsequently contacted by telephone to find out the name of the most relevant contact person with regard to the study; in most cases, this was the Head of Procurement. The email was thus followed by a letter addressed to the Head of the Procurement Department (personally where possible) of every potential participating company to increase the probability of a response. Participation was also solicited by cold calling organisations and appealing to industry associations, whose membership included organisations operating in the United Kingdom.

4.5.2 Sample characteristics

The characteristics of the sample were affected by the onset of the current economic recession, as the participants were sought between February and September 2008. Moreover, this process came to a natural end, as consistently negative responses cited

this reason for a company's non-participation. After natural attrition of the initial number of participants, 178 companies completed the whole process of data collection. This represents a response rate of 6.2%. Industry representation is shown in Figure 20. Where possible and in the vast majority of the 178 businesses, the participant provided two dependent variables: one pertaining to a relationship with a domestic supplier (i.e. a supplier also based in the United Kingdom), and one pertaining to a foreign supplier. In both cases, participants were encouraged to speak about relationships that they were familiar with.

4.5.3 Data collection

Data collection for the quantitative study occurred in two stages: an online survey and a telephone interview. The first sought to explore how social and environmental issues are related to the broad policy and strategy at the organisational level. The second, the telephone interview, was concerned with how this translates into the integration of social and environmental issues into buyer-supplier relationships. The second part includes the data collection method for the dependent variable. A more detailed treatment of this can be found in section 4.5.4.

In the first instance, senior managers in participating companies were approached. Typically, these were Heads of Supply Chain Management, Procurement or Purchasing. Those expressing an interest in the study were referred to the online survey. The lesson was taken from Boyer *et al.* (2002), whose study found that electronic surveys are completed with fewer missing responses. This is perhaps due to the control that lies in the hands of the researcher, *i.e.* having the choice to prevent the participant's continuing to the next section without having completed all 'compulsory' sections on the current page. Questions in this section pertained to the business as a whole, its strategies and external environment; policies regarding social responsibility; and the way in which it is applied to the purchasing activity in particular. To reiterate Carter's (2000b) observation, a considerable period of time would be required to examine the cultural aspects that lie beneath the organisation's artifacts. For this reason, these artifacts reported by the participant are taken as surface-level manifestations, thus proxies, of managers' deeper beliefs, values and assumptions (see section 3.2.1.1).

The second stage of data collection, the telephone interview, was designed to reveal actions within the procurement function. It brought the analysis down to the transactional level by asking respondents to identify and comment on specific buyer-supplier relationships: one domestic (transactions with organisations located within the United Kingdom) and one international relationship. The lesson was learnt from Pagell and Krause (2005: B5) that the assumption inherent in studies relying on one ‘key’ informant (often a senior manager) is that he or she “has a general idea of what goes on across the organization and the supply chain” and that this does not withstand empirical scrutiny.

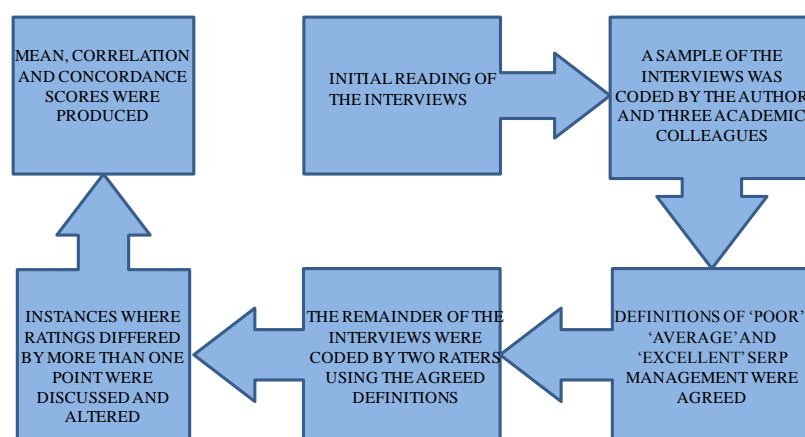
The telephone interview aimed to measure how purchasing managers integrate social and environmental issues into their buyer-supplier relationships. During the sampling process, each participant identified him/herself as the member of staff possessing the most reliable knowledge of the particular relationship in question. The early part of each interview focused on evaluating characteristics of the product being procured and a variety of aspects of the buyer-supplier relationship using established scales. Indeed, the advantage of developing measures rooted in the literature is the use of operationalised constructs of which the validity and reliability have been established in previous studies (Flynn *et al.*, 1990). The telephone interview also included data collection for the dependent variable in the form of a section of open-ended, semi-structured questions, which allowed the participant to speak more freely about their organisation’s SERP activities. This section is discussed in more detail below.

4.5.4 The dependent variable

The dependent variable and its measurement draws on an approach developed by Bloom and van Reenen (2007) that transforms qualitative data into quantitative data (Figure 21). At its heart, Bloom and van Reenen’s (2007: 1360) approach involves “codifying the concept of ‘good’ and ‘bad’ management into a measure applicable to different firms across [sectors]”. This aspect of the technique lends itself very well to the intentions of this thesis, which has attracted cross-industrial representation. The focus, therefore, is on evaluating the presence or absence of good managerial practice with respect to SERP in a way that allows comparisons to be made across companies in different contexts.

The first step in this approach requires the identification of different aspects of SERP that encompass different facets of “good practice”. In keeping with the methods employed by Bloom and van Reenen (2007), the focus was on a number of dimensions that capture the operational, monitoring, incentives and target aspects of good practice as applied to the context of SERP. More specifically, five particular domains of good practice are explored. These are social and environmental requirements of suppliers; the rationale for social and environmental criteria; processes for social and environmental problem identification; the monitoring of the supplier’s social and environmental performance; and the dialogue between buying and supplying organisations to improve SERP performance.

Figure 21: Process of quantifying qualitative data



Each interview was recorded and consisted of open ended questions (*e.g.* “Are there any specific environmental or social requirements that you apply to this supplier?”) rather than closed questions (*e.g.* “Do you apply any social or environmental requirements to this supplier [yes/no]?”). In each response, an example was requested in order to take a step toward mitigating social desirability bias (see section 4.5.5.2 for a more detailed discussion). Generally, early questions for each practice are broad, with follow-up questions used to solicit examples and to provide a richer picture of practice in order to facilitate more accurate scoring. This articulates the core of the scoring method and also provides an initial insight into the justification for this approach.

A random sample of the collected data was distributed among the author and three academic colleagues, who read through the responses to decide what constitutes good or bad management before rating each section between 1 and 5 (cf. Bloom and van Reenen, 2007). The sample was coded by the raters individually. On this basis, the definitions of what constitutes a 1 (poor management), 3 (average management) and a 5 (excellent management) were agreed by all four raters and the remainder of the responses were rated by two of the four original raters using these definitions (Figure 22).

Table 7: Mean, correlation and concordance scores for dependent variables

Social Performance Score						
	Requirements	Rationale	Problem Process Documentation	Monitoring	Performance Dialogue	Average
Mean	2.285	2.229	2.304	2.121	2.257	2.239
Correlation	0.861	0.780	0.776	0.816	0.748	0.911
Concordance	0.856	0.773	0.758	0.813	0.739	0.894

Environmental Performance Score						
	Requirements	Rationale	Problem Process Documentation	Monitoring	Performance Dialogue	Average
Mean	2.491	2.400	2.401	2.256	2.369	2.384
Correlation	0.785	0.713	0.708	0.729	0.697	0.852
Concordance	0.785	0.706	0.684	0.724	0.696	0.847

Instances where ratings differed by two or more points⁴⁴ were brought within a difference of one point or less through discussion between the raters, because such a difference would have signified a fundamental disagreement with regard to the content of the text and its meaning in relation to the pre-set definitions. The resultant mean scores, correlations and inter-rater concordance (correlation which provides for the variation between awarded scores) for the dependent variables ‘socially responsible procurement’ and ‘environmentally responsible procurement’ are provided in Table 7. The maximum mean average value for both dependent variables is 5.

⁴⁴ *i.e.* the difference between ‘poor management’ (1) and ‘average’ (3); between ‘under-average’ (2) and ‘above average’ (4); or indeed, between ‘average’ (3) and ‘exceptional management’ (5).

Figure 22: Qualitative definitions of quantitative scores

<u>SERP REQUIREMENTS</u>			
<p>A. Can you describe the environmental/social supply chain policies that you apply to this supplier?</p> <p>B. What kinds of environmental/social requirements have been introduced with this supplier?</p> <p>C. Are there any specific environmental/social requirements that you apply to this supplier?</p>			
Scoring Grid	Score 1	Score 3	Score 5
	No evidence of environmental or social supply chain requirements.	<p>Some evidence that environmental or social supply chain policies have been applied. Evidence could include reference to corporate environmental or social supply chain policy or generic policies such as ISO14001 or ETI. Little or no evidence of direct engagement with the supplier through specific environmental requirements.</p> <p><i>If respondents claim to use a third party organisation such as SEDEX the terms of engagement by the third party should be investigated. Case classification (3-5) should be based on the outcome of this search.</i></p>	Clear evidence that environmental/social supply chain policies have been formally applied. All major aspects of environmental/social management should be considered and there is clear evidence that these have been applied to the supplier through specific environmental/social requirements
Examples	<p>“Environment is kind of irrelevant because they are a software company and provide software development services”</p>	<p>“We’d be looking at ISO 14001, we also apply our Responsible Procurement Policy, which is available on our website and that gives our expectations of suppliers in terms of the environmental and social impacts of their business”.</p>	<p>“This supplier would have completed all of our environmental standards questionnaires, looking at how they manage aspects of product stewardship. We expect them to adhere to our standards once we’ve assessed them against it. These standards are areas where we expect them to investigate, take action and apply to their own supply chain”</p>

Figure 22: Qualitative definitions of quantitative scores continued

<u>SERP RATIONALE</u>			
<p>A. Can you take me through the rationale to introduce these processes? B. What factors led to the adoption of these practices?</p>			
Scoring Grid	Score 1	Score 3	Score 5
	No evidence of a rationale for introducing SERP. This may reflect absence of SERP or failure to provide a rationale	SERP is supported by a restricted rationale. This may derive from specific SCM issues, or the implementation of CSR without explicit mention of SCM considerations.	SERP is supported by an integrated and clearly stated rationale which draws on SCM considerations, identifying the reputational/strategic/economic advantages of SERP, as well as the relationship between SERP and corporate CSR
Examples	<p>“Our company mission statement alludes to these sorts of things, as they were put on the agenda some years ago and implementation started 3 years ago”.</p> <p>“If you want to be successful in supplying UK supermarkets, you need to raise your environmental and social standards of procurement – we believe that businesses that do not respond to the environmental and social challenges ultimately won’t do any business”.</p>		

Figure 22: Qualitative definitions of quantitative scores continued

<u>SERP PROCESS</u>			
<p>A. How do social and environmental problems typically get exposed and remedied?</p> <p>B. Generally, how do these issues come to your attention?</p> <p>C. Talk me through the process used to expose and remedy a recent problem.</p>			
Scoring Grid	Score 1	Score 3	Score 5
	No evidence that a process is in place.	Problems are identified and resolved through in informal process. Respondents should be able to support their replies with examples.	Evidence of systematic processes such as a social and environmental questionnaire and evidence that formal processes are in place to deal with problems. Respondents are able to support their replies with examples.
Examples			
	The company was not able to provide evidence of an informal or formal process.	"The starting point was issuing a requirement quotation saying that this product must meet certain power consumption criteria... we then enter into a discussion on how to reduce power consumption... we try to understand why they cannot meet our requirements and talk about how we would reach it."	"As with all of our suppliers, it would start with product stewardship and labour standards questionnaires and, depending on how they scored, there would appropriate follow-up actions. Have they trained their personnel? Do they monitor themselves?"

Figure 22: Qualitative definitions of quantitative scores continued

<u>SERP MONITORING</u>			
<p>A. Tell me how you track environmental/social performance in this supplier? B. What kind of performance indicators would you use for performance tracking? C. How frequently are these measured? B. How are they verified?</p>			
Scoring Grid	Score 1	Score 3	Score 5
	No evidence of monitoring	<p>Evidence that SERP is the subject of an audit process which may be carried out by the buyer or a third party.</p> <p><i>If respondents claim to use a third party monitoring organisation such as SEDEX the terms of engagement by the third party should be investigated. Case classification (3-5) should be based on the outcome of this search.</i></p>	SERP is regularly monitored through a systematic and regular audit processes. This is supported by supplier inspections which include SERP and regular unannounced visits.
Examples	<p>“As I was saying we are not doing that as yet”</p>	<p>“We use our auditing procedures. Typically that would be annually, sometimes we may audit more or less depending on the nature of the product. In this case, because it is a chilled product we would audit on an annual basis”.</p>	<p>“We have a comprehensive process of tracking environmental performance. We ask them to fill in questionnaires which address their performance in key areas. We measure annually and we are auditing annually all of our key suppliers. We have the right to go down there and visit the suppliers and witness at firsthand what the suppliers are telling us”.</p>

Figure 22: Qualitative definitions of quantitative scores continued

<u>SERP PERFORMANCE DIALOGUE</u>			
<p>A. How would you go about improving environmental and social performance in this supplier?</p> <p>B. What happens if the supplier isn't achieving agreed environmental and social performance targets?</p>			
Scoring Grid	Score 1	Score 3	Score 5
	No evidence that performance dialogue takes place	Evidence that environmental/social performance is reviewed and discussed with suppliers. Such reviews may be responsive or problem centred. Some evidence of a collaborative approach to solve environmental/social performance issues	Evidence that environmental/social performance is continually reviewed and discussed with suppliers. A focus on problem solving and partnership sourcing practices to improve performance. A clear commitment to take action and/or source elsewhere if satisfactory performance cannot be achieved.
Examples	"We don't discuss environmental or social performance with this supplier".	"We would sit down with them and highlight where they are falling short, and what they could do about it to improve it to the standards that we expect. If they did not break legislation we would be reasonably tolerant".	"The balanced scorecard essentially forms the agenda for a regular performance review meeting we have with this supplier. Concerns are addressed at these performance reviews. We have environmental advisors who would offer assistance to the supply chain provider. If they couldn't meet our concerns we would source elsewhere".

4.5.5 Bias

This section discusses the sources of bias on this research. Podsakoff *et al.* (2003) highlight salient sources of common method bias that are directly relevant to the current study: common source bias; social desirability bias; and the inseparability of measurement methods.

4.5.5.1 Common method bias

This type of bias has been a concern for researchers for the past five decades (Campbell and Fiske, 1959) and concerns the variance in a study that is attributable to the employed measurement method rather than to the explanatory constructs in question (Bagozzi and Yi, 1991). This is to say that the methods used exert systematic influence on the correlation between constructs and provide a competing explanation for the variance observed (Podsakoff *et al.*, 2003).

A prime and relevant example of this bias is the use of the same key informant for theoretically related constructs (*ibid.*). This bias was limited by obtaining responses from different informants. The first part of the survey was answered, as far as was possible for participating organisations, by the most senior member of the organisation as possible. The respondent elicited to answer the second part of the survey, at the transaction level of analysis, was the individual identifying him- or herself as the member of the organisation most knowledgeable about the particular transaction in question. In a minority of cases, the respondents were the same for both parts of the questionnaire due to time and access issues.

4.5.5.2 Social desirability bias

Social desirability bias was recognised to be one bias that often affects research in this area (Robertson and Rymon, 2001), where participants would report exaggerated levels of ethical behaviour due to an assumption that anything otherwise would not be socially acceptable (see Nederhof, 1985, for an ontology of self deception and deception of the Other). In this light, matters pertaining directly to the ‘good’ or ‘bad’ management of SERP were omitted from Likert-scale representations to be reported by the participating manager, despite the findings of Martin and Nagao (1989), who demonstrated that

computer administered surveys are subject to less social desirability bias than face-to-face interviews. Socially sensitive matters were included in the development of the dependent variable, as the author had the opportunity to request examples in cases of suspected social desirability bias. This heeded to lessons by Rudelius and Buchholz (1979) and latterly Saini (2010) that respondents can become defensive and tend more toward social desirability bias when questioned directly regarding ethics. Socially sensitive aspects of the survey were therefore included in this part of the data collection, particularly because participants were unaware that responses would subsequently be scored⁴⁵. Bloom and van Reenen's (2007) methods are thus applied in the 'socially desirable' context of the current study.

4.5.5.3 Inseparability of measurement methods

Podsakoff *et al.* (2003) also identify how studies often use the same measurement methods to measure both explanatory and dependent variables. One method, which also supplements any potential inability to elicit the participation of different informants, is the temporal or psychological separation of the measurement of the variables concerned (*ibid.*). In the current study, the measurement of different constructs was separated both psychologically and methodologically. The participants were unaware that they were to be scored for the qualitative data provided (psychological separation) and that the dependent variable, the procurement department's implementation of SERP, was measured using a tailored version of Bloom and van Reenen's (2007) method (methodological separation).

4.5.6 Data analysis

The data is analysed is analysed using primarily OLS regressions on SPSS 16.0. The mean averages of the scores awarded for the participants' answers to the open-ended questions described above constitute the dependent variable measuring the degree to which the participant engaged in SERP practices in that particular transaction.

⁴⁵ In the referent study, "the technique was "passed by Stanford's Human Subjects Committee. The deception involved was deemed acceptable because it (i) is necessary to get unbiased responses; (ii) is minimized to the management practice questions and temporary [...]; and (iii) presents no risk, as the data are confidential." (Bloom and van Reenen, 2007: 1362).

4.6 Case studies

This section describes the steps taken in the qualitative study of SERP implementation.

4.6.1 Definition

Case studies make use of a wide variety of data sources to test or develop theory in a particular context (Yin, 1994). In this way, they control for contextual factors, against which quantitative studies battle in order to limit the number of questions asked. In the case of SERP, case studies are used to answer ‘how’ and ‘why’ questions that both focus on contemporary events and do not require control over participants’ behaviour (*ibid.*; see Table 8). By way of extension of the conceptual development in the previous chapter and in response to the needs of the research question, Yin’s (1994: 13) definition of a case study is adopted: “a case study is an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.”

Case studies allow the researcher to report insightful findings that stem from corroborating multiple sources of data, or ‘converging lines of inquiry’ (Yin, 1994), e.g. interviews, documentation, researcher observation and secondary data. The mutual support between these lines of inquiry centre upon four genres of ‘triangulation’⁴⁶ (or fact verification), of which Yin (1994) encourages the use of multiple data sources to triangulate a finding. They are therefore able to serve as both a complementary research strategy to explain *how* significant explanatory variables identified in quantitative studies influence the daily practice of purchasing departments as well as a supplementary strategy that is able to provide data on organisational characteristics that are particularly difficult to capture through purely quantitative methods (*ibid.*).

An embedded case study approach is one that contains more than one level of analysis (Yin, 2009) and is adopted in the current research, as the purchasing department’s actions are affected by a variety of intra-organisational institutional structures (Ammeter *et al.*, 2002). Given the theoretical influences of organisational structure (Martin, 2002), it will be important to elicit information from other actors within the

⁴⁶ These are ‘data’, where multiple sources of data support the finding; ‘investigator’, where different evaluators support a finding; ‘theoretical’, where different perspectives on the same data set support a finding; and ‘methodological’, where the use of various methods reveals the same finding (*see also* Denzin, 1970).

organisation affecting these structures. Examples of these include CSR managers, who may have a role in determining an organisation's general CSR policy, and senior procurement managers governing the roles within the function and the interactions between them.

Table 8: *Relevant situations for different research strategies (Yin, 1994:6)*

Strategy	Form of research question	Requires control over behavioural events?	Focuses on contemporary events?
Experiment	How, why	Yes	Yes
Survey	Who, what, where, how many, how much	No	Yes
Archival analysis	Who, what, where, how many, how much	No	Yes/No
History	How, why	No	No
Case study	How, why	No	Yes

4.6.2 Case selection.

The current research employs a multiple, embedded case study design (Yin, 2009) using two exemplary case organisations that scored highly in the quantitative study. These organisations were selected in order to study the intra-organisational conditions and mechanisms that facilitate SERP implementation (e.g. Pagell and Wu, 2009). Where the rationale for the use of *single* studies lies primarily in the identification of either a critical case⁴⁷ or a unique case⁴⁸, the current investigation into the conditions under which SERP is undertaken is a comparative study aiming to identify the 'empirical regularities' between two high-performing organisations.

The studies are complementary insofar as they are an opportunity to delve deeper into the roles of intra-organisational characteristics. They are a supplementary strategy for

⁴⁷ One that possesses the necessary conditions to test, challenge, confirm or extend theory.

⁴⁸ This includes cases to which one rarely has access.

two reasons. Firstly, insights can be provided qualitatively in the absence of reliable or tested quantitative constructs in the literature. Secondly, qualitative insights will be invaluable to uncover sources of influence that were not previously hypothesised (see Drumwright, 1994), e.g. potentially obstructive or facilitative mechanisms or attitudes within the organisation.

The characteristics of target cases in light of the research question are, first and foremost, the organisations' high dependent variable scores in the preceding quantitative study. Both organisations are in different industries and thus represent reactions to different institutional forces. This variability increases the reliability of the empirical regularities found to facilitate engagement in SERP activity in different industries (Andersen and Skjoett-Larsen, 2004). Larger organisations are targeted after Min and Galle's (2001) finding that organisational size is a significant explanatory variable for engagement in SERP activity.

4.6.3 Case description

The first case (known as Case Alpha) is a hardware supplier of household appliances with high brand visibility in the market. Case Alpha's activities are targeted primarily toward the private homeowner and small household maintenance businesses. Case Alpha is owned by a parent company with commercial operations in Western Europe (notably the UK, Ireland and France), contributing 82% to group sales, and in Asia (including China). Case Alpha has been the subject of studies by Green *et al.* (1998) and Knight (1996; 1995). Green *et al.* (1998) observed the stakeholder pressure that caused Case Alpha to develop a supplier management and monitoring system that initially found that 8% of the business' main suppliers had developed their own environmental policy and review process. This was the start of Case Alpha's efforts to improve the social and environmental performance of its suppliers.

The second case (known as Case Beta) is a merged multinational tobacco manufacturing organisation with, compared to Case Alpha, low public visibility as its products are sold under a wide variety of different brands. However, it is subjected to very high visibility in and scrutiny by legislative, lobbying and protest groups given the controversial nature of its activity in cigarette manufacture and sale. Case Beta

published the tobacco industry's first sustainability report in 2003 (Palazzo and Richter, 2005) and its system of codes of conduct developed since then have been observed to be 'flexible' and "more suitable to industries where there is a wide of potential CSR impacts" (Preuss, 2010: 478).

These dimensions that have emerged in the literature are important to consider for two reasons. Firstly, they highlight an important external impetus that may influence the level of top management support for SERP implementation. Secondly, although Preuss (2010) glances inside Case Beta, these dimensions characterise the level of treatment of intra-organisational characteristics and mechanisms in the context of SERP implementation in the extant literature. This is explicitly explained by Green *et al.* (1998: 93), who state that

"[...] the exact mechanisms inside firms by which signals are received from [social and] environmental purchasing policies, [...] and then translated into practical innovative product/process improvement need to be explored. Further research is needed on the exact mechanisms inside firms by which environmental pressures are translated into practical innovative product and process improvement."

A more detailed description of each case organisation can be found in Chapters 7 and 8.

4.6.4 Data collection

Data collection was carried out primarily by semi-structured interview, contact notes and documentation, which was sought at every interview and websites to triangulate the findings of the interview responses. The research protocol (see appendix) stems from the project's overarching research question: *How do organisations overcome obstacles to SERP policy implementation?* The development of the protocol's core content was led by the author with guidance offered by academic colleagues. The cases included in this thesis were conducted, analysed and written completely by the author. In response to the overarching research question, the protocol focussed on identifying the

facilitating and hindering connections between intra-organisational mechanisms and top management's support for the procurement department to engage in SERP activity.

The general structure of the interview protocol started at the organisational level of analysis and focussed increasingly on the activity of the procurement department. At each stage, the difference between policy development and policy implementation was made to allow for any differences in the inhibiting/facilitating factors identified by participants at various levels in the organisation's hierarchy (Figure 23).

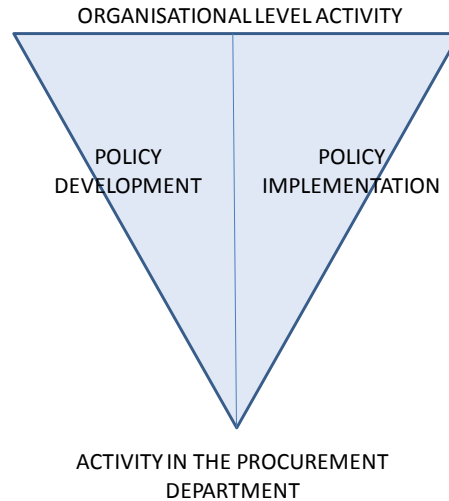
4.6.4.1 Interview protocol structure

The outset of the interview explores the role of corporate social responsibility in the general corporate strategy and the organisation's general stance to CSR issues. Whilst this is not core to the research question, starting with general characteristics is a useful tool to starting conversation and gaining trust. The structure of the interview allowed for examples of how corporate strategy allowed for CSR activity to be initiated. As Figure 23 illustrates, the interview then focussed on the policy development and implementation mechanisms within each case. At this level, the protocol develops an understanding of how policy is developed, who is involved as well as the drivers and barriers of this process. The same process was followed for the implementation of this policy. Further questions were posed in order to uncover the mechanisms used to communicate policy to relevant actors in the organisation and incentivise them.

Case Alpha was primarily through face-to-face interviews and the collection of documentation. Interviewees were accessed through the researcher's main contact: a member of the corporate social responsibility management team (referred to as CSR1), who also provided most of the documentation. In the same way as the quantitative study, interviews were conducted with staff self-identified as knowledgeable about the path the organisation takes to engage with SERP activities. These were a procurement manager (PM1); the Head of Corporate Social Responsibility (CSR2); two members of the corporate social responsibility management team (CSR1 and CSR3); the Quality Assurance Audit Manager (QUAL1); and a member of his quality assurance team (QUAL2). The latter two were a result of the snowballing technique and were identified to play a role in the organisation's SERP activity in one preceding interview

(see Drumwright [1994] for a more detailed treatment of identifying influential roles through the interviewing process).

Figure 23: Interview protocol structure



Where possible, interviews were recorded and transcribed for further analysis (CSR1, CSR3 and QUAL1). The remainder of the interviews were affected by technological difficulties (PM1 and CSR2) and the participant refusing to be recorded (QUAL2). Where recordings were not available, contact notes detailing the participant's comments were transcribed as soon after the interview as possible (Miles and Huberman, 1994). An example of these contact notes can be found in the appendix.

The same process was also followed in Case Beta, where the findings are drawn from face-to-face interviews with staff from various parts of the business and documentation provided by the interviewees. Interviewees were accessed through the researcher's main contact: Group Head of Global Strategy and Programmes, with whom an interview was regrettably not possible before the compilation of this thesis. Interviewees in Case Beta were the Group Sustainability Projects Manager (CSR4); Global Head of Procurement Strategy and Planning (PM2); Global Head of Procurement Account Management (PM3); Global BEST Co-ordinator, who was involved in the original compilation of the Group's supplier assessment tool (CSR5); and two procurement managers (PM4 and PM5).

All interviews were recorded and transcribed in Case Beta. Examples of these transcriptions can be found in the appendix and a full summary of the participants' contribution to the study can be found below in Table 9.

Table 9: Descriptive summary of case participants

		Case Alpha		Case Beta	
Known as	Role	Years with the organisation	Length of interview (in minutes)	Years with the organisation	Length of interview (in minutes)
CSR1	CSR Manager	9	80		
CSR2	Head of CSR Department	2	60		
CSR3	CSR Manager	4	60		
QUAL1	Quality Assurance Audit Manager	24	75		
QUAL2	Quality Assurance Manager	6	45		
PM1	Procurement Manager	6	55		
CSR4	Group Sustainability Projects Manager			36	100
CSR5	Global BEST Co-ordinator			2	25 (impromptu snowball interview)
PM2	Global Head of Procurement Strategy and Planning			29	70
PM3	Global Head of Procurement Account Management			15	70
PM4	Procurement Manager			21	65
PM5	Procurement Manager			3	50

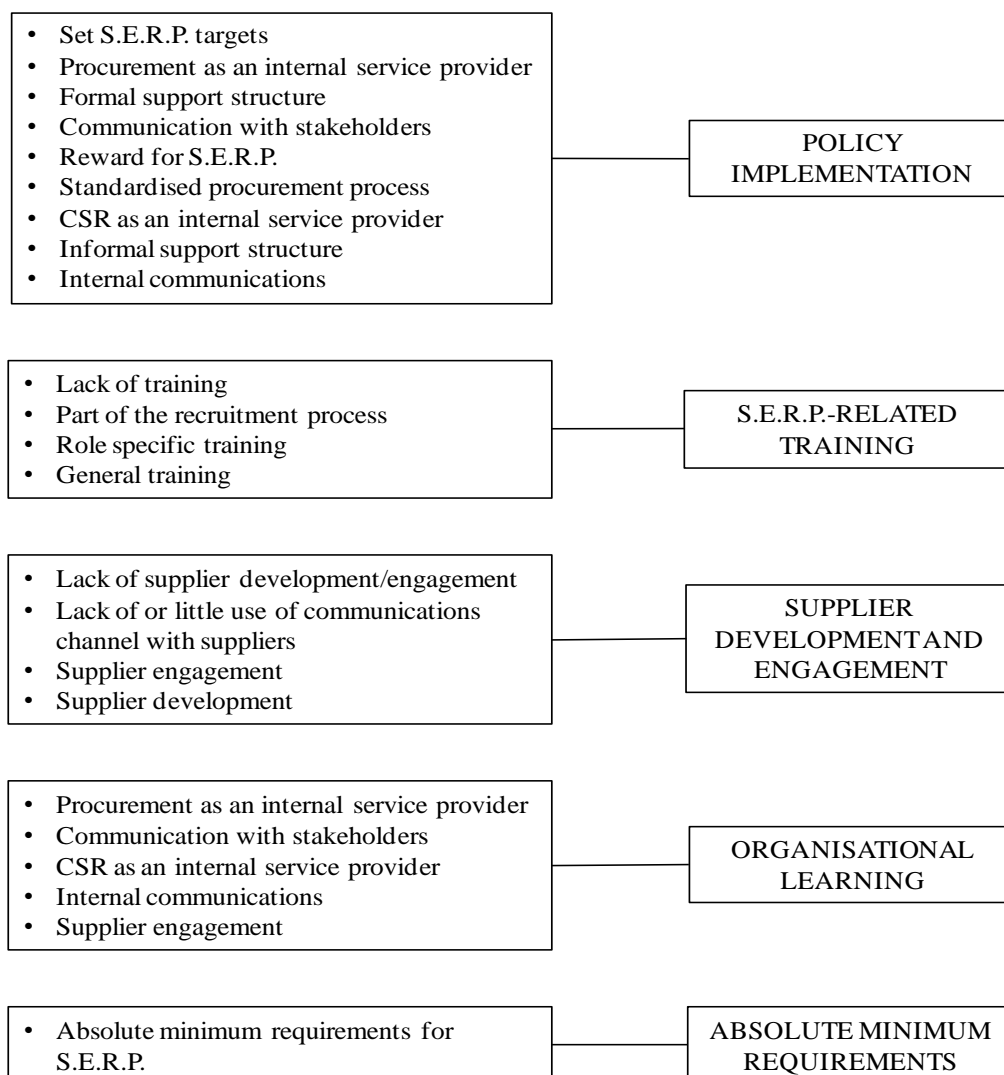
4.6.5 Data analysis

The data analysis was carried out using Miles and Huberman's (1994) role-ordered matrix. As the authors (*ibid.*) insist, it is not the type of matrix chosen that is important, rather the suitability of the matrix to the research question. A role-ordered matrix was chosen, in order to discern potential differences in subcultural characteristics. It is therefore possible through this matrix to distinguish between attitudes towards SERP held by top management and the procurement department.

Using the theoretical framework developed in the previous chapter, themes were identified sequentially following the recommendations of Miles and Huberman (1994: 85-89) and Ryan and Bernard (2003). At the first stage, many 'small' themes were identified and were subsequently clustered together with other like themes. An example of how themes were pattern-coded and clustered (*ibid.*) can be seen below (Figure 24).

Findings were presented to and validated with the main contact(s) at each case organisation.

Figure 24: Example of theme clustering



4.7 Conclusion

This section has provided a comprehensive discussion on and justifications of the methodological and philosophical decisions taken in this thesis. Most prominently, these have been the decisions to adopt a critical realist approach and to use mixed methods to examine SERP implementation. The following sections summarise the discussion.

4.7.1 Justifications and assumptions

This section details the main points of justification of the research design and the assumptions made in this thesis.

4.7.1.1 Critical realism

The aim of this approach is to identify intransitive ‘reality’ through ‘transitive’ perceptions (Bhaskar, 2008; *see also* Harvey, 2009). This is to say that the ‘intransitive’ nature of SERP implementation (that it is not experienced by the researcher) is observed through the ‘transitive’ observations of individuals who do indeed experience that reality and interact with the phenomenon (Johnson and Duberley, 2000).

This links the critical realist approach with SERP implementation by reflecting the philosophical recommendation made by Johnson and Onwuegbuzie (2004) that decisions on research paradigm should be taken within the parameters set by their usefulness to address the research question.

4.7.1.2 Mixed methods

The methods used in this thesis remain congruent with critical realism insofar as they adhere to an objective ontology and subjective epistemology. In this way, participants are different paths that researchers can take to know a phenomenon that they themselves do not experience directly.

Whilst quantitative methods are concerned primarily with the identification of ‘generalisable’ findings (Downward and Mearman, 2007; Maylor and Blackmon, 2005), their sole use can omit important aspects of the phenomenon due to their targeted nature (Drumwright, 1994). This is a particular concern with a nascent field, a sound explanatory theory of which is yet to be agreed (see Chapter 2). This thesis therefore complements “the main investigation [that relies] on a survey or other quantitative techniques [by using] case study... to investigate the conditions within [...] the entities being surveyed.” (Yin, 2009: 63).

4.7.1.3 Assumptions

There are three principal assumptions: the conducive nature of the external environment for SERP implementation; the overriding nature of discretionary activity over stakeholder demands; and, third, the assumption that organisational structures require organisational agents' support for survival.

4.7.2 *Quantitative study*

The quantitative study draws upon primary data of a sample of profit-driven, UK-based businesses. No discrimination is made between the businesses on industry, ownership status or geographical location within the United Kingdom. The sample consists of 178 businesses that provided information on a total of 340 buyer-supplier relationships. The industries with most representation in the sample are construction, retail and consumer goods (Figure 20).

The study was made in two parts: online and on the telephone. The goal of the first is to assess the level of cultural support for SERP in the organisation and solicited the participation of the most senior manager in the organisation as possible. The goal of the telephone survey is to use the knowledge a different manager, he/she who is most knowledgeable about a particular buyer-supplier relationship, to determine the action (the dependent variable) of the procurement department in particular relationships. The vast majority of organisations supplied information on one domestic and one international transaction.

The development of the dependent variable is modelled on Bloom and van Reenen (2007) (Figure 21). The authors (2007) sought to identify 'poor', 'average' and 'excellent' management and to assign responses a score between 1 and 5, thus quantifying qualitative data for use in quantitative analyses. This method mitigates some prominent forms of bias, notably

1. Common method bias (by collecting data from different sources [Hair *et al.*, 2006]);
2. Social desirability bias (by administering the survey electronically [Martin and Nagao, 1989]);

3. Inseparability of measurement methods (by using different methods to collect independent and dependent variables and by ensuring psychological and temporal separation of data collection [Podsakoff *et al.*, 2003]).

The data is described in Chapter 5 and used in OLS regression analyses in Chapter 6.

4.7.3 Case studies

In order to complement the quantitative studies, two case studies are used “to investigate the conditions within [...] the entities being surveyed.” (Yin, 2009: 63). They also serve to expose any nuances in the proposed theory that may not be captured in quantitative analysis. The case organisations are chosen for their high performance of SERP implementation.

Data were collected primarily through interview, of which the protocol can be found in the appendix, but also through photographs, researcher contact notes and a limited amount of researcher participation (Miles and Huberman, 1994). The recorded interviews were transcribed and analysed using Miles and Huberman’s (1994) role-ordered matrix that enabled the identification of responses according the role played by the interview participant. This analysis technique is useful as it delineates similarities and differences between organisational subcultures. The results are presented by themes that emerged in the data.

A cross case comparison is also conducted with the aim of identifying ‘empirical regularities’ (Helfat, 2007) in the case organisations. The same analysis also identifies similarities and differences with theory to identify whether and how the qualitative data supports the study’s theoretical propositions.

4.7.4 Building on the foundations

This section represents the end of the first part of this thesis before embarking on the empirical examination of SERP implementation.

Thus far, a comprehensive literature review has provided a detailed insight into the research to-date into SERP. It also identified some notable shortcomings on which future empirical study could build. The current thesis builds on the literature by looking inside organisations at their interaction with SERP and processes used for its implementation. It adopts a materially differentiated view of organisational culture (Martin, 2002; Lucas, 1987) to examine cultural support. It also puts emphasis on the targeted use of organisational and human resources (Barney, 1991) to translate cultural support into practice (Roome and Wijen, 2006).

The following chapter describes the raw data collected for the quantitative study that is later used in the OLS regression in Chapter 6.

5. Implementing socially and environmentally responsible procurement: a descriptive overview of practices in large UK companies

5.1 Introduction

The importance of SERP and the role played by the procurement function in this matter have shown little sign of abating throughout the first decade of the 21st century (Seuring and Müller, 2008). The benefits organisations can reap by reducing negative publicity (Roberts, 2003), fulfilling stakeholders' expectations (Maignan and McAlister, 2003) and responding to customer pressure (Salam, 2009; Carter and Jennings, 2004; Min and Galle, 2001) remain high on the corporate agenda.

This thesis contributes to this field of research by initiating a line of research that looks wholly within the organisation, so as to acknowledge the competing pressures experienced by intra-organisational groups and the resultant differences in support for and implementation of SERP. It recognises that an activity that is not mandated and has unclear links with the industrial imperative of profit is likely to induce differences in support for it and levels of implementation.

This chapter will examine the quantitative data collected in the first study described in the methodology in Chapter 4, in order to illustrate the empirical gap between the cultural support an organisation has to engage in SERP and the actual degree to which it systematically implements initiatives in line with this support. This chapter will also provide cross-sectional observations into the contexts in which an organisation's SERP implementation may differ. These include the size of the organisation, the organisation's position in the supply chain and the domestic or foreign location of the supplier. The analysis is of 340 buyer-supplier transactions from 178 companies representing a variety of industries operating within the United Kingdom, including publishing, engineering, retail and chemicals (*see* Chapter 4). By so doing, this chapter draws upon the methodological novelty of measuring SERP as the dependent variable and exposes the operational difference between cultural support and practice.

In line with the theoretical discussion earlier, it is argued that an organisation's support for systematic SERP implementation is best observed through artifacts of top management's differentiated culture. In order to support SERP, top management are expected to voluntarily or involuntarily affect the culture of the organisation (Blau, 1964: 205-213) to communicate to employees not only the organisation's values (Sims, 1991) but also the organisationally legitimate actions that are aligned with these values (Ammeter *et al.*, 2002). Efforts to influence an organisation's culture can be explicit and implicit, both types of which are considered in this study.

Explicit means are considered to be expressions of an organisation's commitment to its social and environmental responsibilities through its policies and intra-organisational awareness programs (Maignan and Ferrell, 2000; Simpson *et al.*, 2007). Implicit means are not to be read as passive or ineffective means. They are considered in the current study from Stuart's (1997) standpoint that employees can perceive support from top management for a particular function or activity, as it brings not only visibility within the organisation but also dedicated or redirected organisational resources (Bourgeois III, 1981; *see* Chapter 6).

The SERP literature has placed an increasing amount of emphasis on the use of codes of conduct (Boyd *et al.*, 2007; Roberts, 2003; Kolk and van Tulder, 2002a&b) and other policy-level documents to respond to stakeholder pressure (*e.g.* Nawrocka, 2009, 2008; Beske *et al.*, 2008; Castka and Balzarova, 2008). By not examining the *actual* action on the 'front line', these studies implicitly assume that organisations are void of internal friction and that they act as coherent wholes to put these policies into practice (Lucas, 1987). Furthermore, scholars have recently begun to dispute the effectiveness of policies (Boyd *et al.*, 2007; Welford and Frost, 2006; Sitkin and Roth, 1993) and to note that organisations are in fact struggling to demonstrate their commitment to the wider CSR cause through organisational practice (Lindgreen and Swaen, 2010; Lindgreen *et al.*, 2009b).

5.1.1 Structure

The chapter is structured as follows. First, the methods used are described. The chapter continues with a presentation of findings and concludes with an overview that serves as an introduction to remainder of the thesis.

5.2 Method

Data collected for this part of the study aim to capture as broad a view of the organisational characteristics pertaining SERP implementation as possible. The reason for the broad focus lay in the intention to contextualise the phenomenon in the context of the United Kingdom rather than within a particular domestic industry. This is very much in line with the importance of identifying ‘core capabilities’ (Andersen and Skjoett-Larsen, 2009) and ‘empirical regularities’ (Helfat, 2007) that affect firms operating in various industrial contexts.

Organisational support to engage in SERP practices is perceived through the measurement of top management’s culture. As discussed in the conceptual development chapter, the attitudes of this echelon of organisational hierarchy are operationally significant due to the authority that is institutionally inherent in this role (Blau, 1964).

There are two important points to be made with regard to the measurement of these artifacts. The first pertains to the reporting of these artifacts. The respondents to these survey items were senior managers of the procurement function. Their reports were used in this study, in order to perceive the aspects of top management’s culture that are salient in the procurement department. Moreover, the solicitation of responses directly from the highest level of management would have also increased the incidence of social desirability bias (Robertson and Rymon, 2001).

Secondly, the artifacts of this subculture are measured in this study: as tangible and intangible artifacts (Martin, 2002). Tangible artifacts are examined using Simpson *et al.*’s (2007) measurements of the organisation’s policies, which “intended to capture an aggregate measure of the [organisation’s] underlying commitment to its environmental responsibilities”. Social aspects of the tangible artifacts of the organisation’s culture

were measured using adapted items previously operationalised by Maignan and Ferrell (2000). Intangible artifacts at the top management level are measured using items from Stuart's (1997) study on the influencing factors and benefits of supplier partnerships (Table 10).

A detailed description of the measurement of an organisation's systematic practice of SERP is given in the methods chapter earlier.

The gap between the level to which top management supports SERP implementation and the degree to which procurement managers engage in SERP activity is measured in this study by the proportion of the support observed that is fulfilled by the implementation observed. In short:

$$\text{Policy/practice gap} = \frac{\text{Degree of SERP Implementation}}{\text{Degree of top management support}}$$

$$\text{Degree of SERP Implementation} = \frac{\sum \text{Actual item scores}}{\text{Maximum score possible (i.e. 25)}}$$

$$\text{Degree of top management support} = \frac{\sum \text{Actual item scores}}{\text{Maximum score possible (i.e. 21)}}$$

Implementation of SERP divided by the level of top management support observed is the final calculation. Before this, there lie two calculations. The first is to calculate the proportion of the maximum amount of support observed in the survey. Each factor has three items with a maximum of 7 in each item. The actual scores (e.g. 4, 5 and 6) were subsequently summed (e.g. =15), the result of which was divided by 21, i.e. the maximum score possible (therefore $15/21 = 0.714$). This result, i.e. the level of top management's support observed by the procurement department, becomes the denominator in the equation above.

The second calculation is of the proportion of the maximum amount of implementation observed in the survey. Both elements of SERP (i.e. social and environmental) are measured by five lines of inquiry (referred to as 'items') as discussed in section 4.5.4. Each item's maximum score is 5, thus giving a maximum score of 25 for each element.

The activities of the procurement department in each of the five areas were converted into numerical scores in a method inspired by Bloom and van Reenen (2007; *see* Chapter 4). The scores given (*e.g.* 2, 2, 3, 3, 1) were subsequently summed (*e.g.* =11), the result of which was divided by 25, *i.e.* the maximum score possible (therefore $11/25 = 0.44$). This result, *i.e.* the proportion of implementation in the procurement department, becomes the numerator in the equation above.

Table 10: Summary of items measuring tangible and intangible artifacts of organisational culture

Survey Item (To what extent do you agree with the following statements?)	Description
Top management is supportive of our efforts to improve socially and environmentally responsible procurement	Top management support for SERP improvement
In this company, socially and environmentally responsible procurement is considered a vital part of our corporate strategy	SERP as a vital part of corporate strategy
Procurement views on socially and environmentally responsible procurement are considered important in most top managers' eyes	Procurement department's views of SERP are important
At our firm, we have programs that encourage the diversity of our workforce (in terms of age, gender and race)	Diversity promotion
Internal policies prevent discrimination in employees' compensation and promotion	Discrimination prevention
At our firm, we make a concerted effort to ensure that every employee complies with health and safety policies and procedures	Health and safety compliance
Our firm has a clear policy statement urging environmental awareness in every area of the business	Pan-organisation environmental awareness
Protecting the environment is a central corporate value in our firm	Environmental protection as a corporate value
At our firm, we make a concerted effort to make every employee understand the importance of environmental management	Importance of environmental management

The result of the equation above is therefore in line with the definition of the ‘gap’ between support for and implementation of SERP: ‘the proportion of the support observed that is fulfilled by the implementation observed’.

5.3 Findings

This section presents the findings of this analysis. This section draws upon the mean averages of the observations.

5.3.1 Introduction

This section details the main characteristics of the data collected in the quantitative part of the study, constituting 340 buyer-supplier transactions of 178 organisations operating in the United Kingdom. It presents the results for the level of organisational support, of action and the degree to which the action of the procurement department fulfils the organisational support for SERP implementation. In each case, characteristics of the procurement context are taken into account that may influence the amount of support an organisation exhibits and/or the degree to which it implements SERP.

As discussed earlier, the SERP literature focuses on the observation of policy level phenomena, such as codes of conduct (Boyd *et al.*, 2007; Roberts, 2003; Kolk and van Tulder, 2002a&b; Emmelhainz and Adams, 1999) and ISO standards (Nawrocka, 2009, 2008; Beske *et al.*, 2008; Castka and Balzarova, 2008; Chen, 2005), as means to implement SERP practice with suppliers. However, not only has it been suggested that such use of policy-level documentation may be ineffective (Sitkin and Roth, 1993; Welford and Frost, 2006), but it must be recognised that these observations do not attempt to observe, directly or indirectly, the actions of the procurement managers who are charged with implementing this documentation. In this study, the measurement of policy pertaining to social and environmental issues is taken as an artifact of top management’s subculture and as a manifestation of their support for SERP. This is the first theme of the findings.

5.3.2 *Support for SERP implementation*

The first part of the analysis examines levels of support for SERP implementation that the procurement department perceives in terms of informal top management support and formal manifestations of this support, such as policies and codes (Table 11). These findings reveal three important trends:

1. All mean average scores are above the mid-point (4).
2. The highest means are almost exclusively reserved for Health and Safety Compliance and Discrimination Prevention.
3. All types of support for SERP implementation increase with the organisations' size.

That all mean average scores are above the mid-point shows very high levels of top management support for SERP perceived by the procurement department. The participants observed particularly high levels of support for Health and Safety Compliance and Discrimination Prevention, which may be explained by the United Kingdom's prominent legislation promoting and mandating health and safety minimum standards and workplace anti-discrimination practices. Given the mandated nature of this legislation, it is unsurprising that its intra-organisational salience was so high.

Furthermore, procurement managers employed in larger organisations tended to report higher levels of support for SERP by their top managers. This is highlighted, as an example, by a bivariate correlation between the level of agreement with the statement that SERP is a vital part of corporate strategy and a firm's number of employees that is positive and significant at the 1% level. The mean average of organisational size in the sample, as a measure of the number of employees in the global operations of the organisations, is 42,705.36. The mode average is 2,000, which represents 5.3%. Expressed as quartiles, the distribution of the sample lies between 17 strong and 2,000,000 and indicates that 25% are under 2,000, 50% lies at 7,250 and 75% at 40,000; the remaining 25% contains organisations between 40,001 and 2,000,000. In the last quartile, the largest clusters of organisations are made up of 50,000 (2.1%), 70,000 (3.2%), 100,000 (2.4%) and 200,000 (1.8%) employees.

Table 11: Mean average levels of informal and formal manifestations of top management support for SERP

	Tangible artifacts of desire for environmentally responsible procurement			Tangible artifacts of desire for socially responsible procurement			Intangible artifacts of desire for S.E.R.P.		
	<i>Pan-organisation environmental awareness</i>	<i>Environmental protection as a corporate value</i>	<i>Importance of environmental management</i>	<i>Diversity promotion</i>	<i>Discrimination prevention</i>	<i>Health and Safety compliance</i>	<i>Top management support for S.E.R.P. improvement</i>	<i>S.E.R.P. as a vital part of corporate strategy</i>	<i>Procurement department's views of S.E.R.P. are important</i>
Size									
<i>Quartile 1</i>	5.02	5.24	4.95	4.98	6.02	6.45	5.79	5.19	5.05
<i>Quartile 2</i>	5.65	5.54	5.37	5.75	6.12	6.51	5.96	5.45	4.84
<i>Quartile 3</i>	5.29	5.63	4.9	5.17	6.33	6.52	5.5	5.22	4.84
<i>Quartile 4</i>	5.99	6.22	5.9	6.01	6.4	6.66	6.2	5.88	5.54
B2B	5.56	5.66	5.26	5.45	6.09	6.54	5.59	5.1	4.74
B2C	5.36	5.63	5.24	5.44	6.33	6.53	6.08	5.71	5.37
Domestic	5.34	5.59	5.08	5.42	6.17	6.5	5.82	5.36	5.03
International									
<i>Emerging</i>	5.61	5.8	5.39	5.48	6.38	6.52	5.91	5.62	5.27
<i>Developed</i>	5.55	5.6	5.47	5.45	6.15	6.6	5.84	5.34	4.93

5.3.3 *SERP Implementation*

This section presents trends observed in the data pertaining to the degree to which organisations implement their support for SERP. Each result is the mean average for the organisations in the particular subset in question, as these scores are derived from the five ‘items’ used to perceive the level of an organisation’s engagement in SERP: i) the requirements enforced in the buyer-supplier relationships; ii) the rationale for implementing SERP; iii) the ways in which problems in the supply chain come to their attention; iv) the nature of the organisation’s monitoring practice and; v) the dialogue in which the organisation engages to resolve problems.

There are four notable trends in the data displayed in Table 12

1. All mean average scores are below the mid-point (3).
2. SERP implementation increases with the organisations’ size.
3. SERP implementation is lower in relationships with domestic suppliers than with those located outside of the United Kingdom.
4. In international relationships, ERP implementation is near equal with suppliers in developed and emerging economies. SRP, however, is much more prevalent in the context of emerging economies.

In contrast to the trend identified in top management’s support for SERP, the level this support is translated into action is much lower; all results are below the mid-point (3). This is to say that, on average, organisations in the sample do not fulfil the definition of a ‘3’ (Figure 22). With regard to organisational size, however, a similar trend can indeed be identified, whereby SERP implementation increases with the size of the organisation (Table 12). This is reflected in the strongly statistically significant relationship between both ERP and SRP and organisational size as measured by the natural logarithm of the number of employees ($p=0.003$ [ERP]; $p=0.001$ [SRP]). Figure 25 displays a more detailed picture of SERP implementation in the quartile containing the smallest organisations in the sample.

Table 12: Mean average levels of SERP implementation

	<i>Environmentally Responsible Procurement</i>	<i>Socially Responsible Procurement</i>
Size		
<i>Quartile 1</i>	2.18	2.04
<i>Quartile 2</i>	2.37	2.04
<i>Quartile 3</i>	2.42	2.19
<i>Quartile 4</i>	2.59	2.61
B2B	2.38	2.3
B2C	2.39	2.19
Domestic	2.36	2
International		
<i>Emerging</i>	2.4	2.94
<i>Developed</i>	2.42	2.05

For comparison, Figure 26 provides a more detailed picture of SERP implementation in the quartile containing the largest organisations in the sample.

Figure 25: The average level of SERP implementation (Quartile 1)

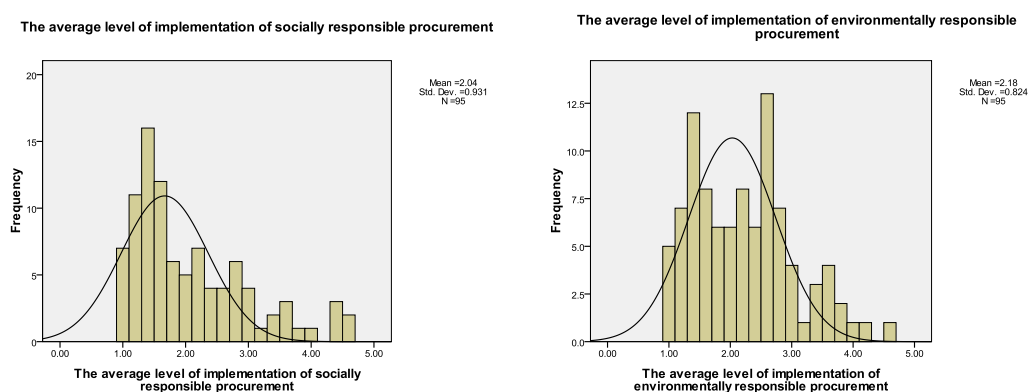
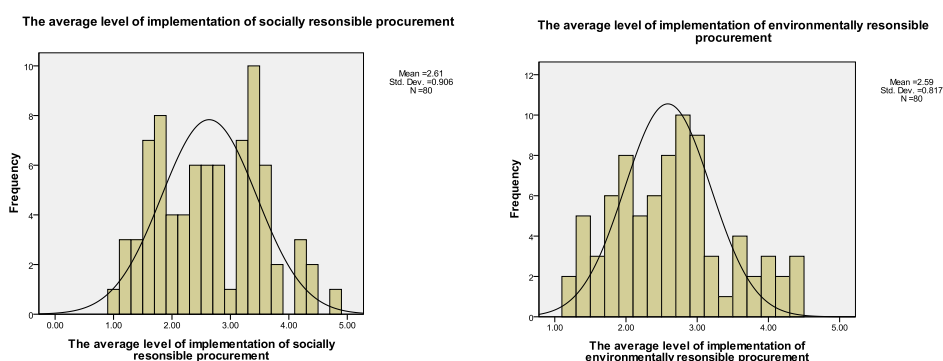


Table 12 also brings to the fore the tendency for organisations to implement SERP more with suppliers abroad than domestic suppliers. This is, however, only statistically

significant for the social aspects of responsible procurement ($p < 0.000$). This tendency may be the result of domestic suppliers being subjected to the same institutional environment as the buying organisation. It was mentioned earlier, for example, that the United Kingdom has a strong culture with regard to health and safety and anti-discrimination (Mamic, 2005). The buying organisations trust that their domestic suppliers will also abide by the same legal framework (Min and Galle, 1997; Peattie and Ringler, 1994). This trust replaces the necessity to engage in SERP to the same degree as those suppliers operating in institutional contexts that may be at odds with the institutional pressures, goals and strategies of the buying organisation (Razzaque and Hwee, 2002; Tadepalli *et al.*, 1999; Wood, 1995).

Figure 26: The average level of SERP implementation (Quartile 4)



In international relationships, ERP implementation is near equal with suppliers in developed and emerging economies. SRP, however, is much more prevalent than ERP in the context of emerging economies. Consistent with this, while there is no statistically significant difference in the extent of ERP between domestic and international or between international suppliers from developed and emerging economies, the differences between the extent of SRP among domestic and international suppliers are strongly statistically significant ($p = 0.000$), as are those between international suppliers in developing and emerging economies ($p = 0.000$). Whilst differences in institutional environments may partially explain the necessity to concentrate efforts on international suppliers, it may be that environmental practices are more institutionalised in developed economies. Their institutionalised nature may replace the buying organisation's need to focus on this area of SERP; hence their focus

on socially responsible practices. This has been reported by, for example, Smith and Crawford (2006) who reported on human rights violations in parts of Wal-Mart's supply chain located in emerging economies and by Lim and Phillips' (2008) study in their study of Nike's supply chain that highlighted social issues in other emerging economies: Indonesia, Thailand and Vietnam (*see also* Locke *et al.*, 2007).

5.3.4 The discrepancy between the support for & implementation of SERP

In this section, the results presented represent the proportion (%) of top management support for SERP that is fulfilled by the activity of the procurement department. Each level of implementation was included in calculations against the measures for both tangible and intangible artifacts of top management's support as shown in Table 13.

Table 13: Summary of the mean proportions of support for SERP implemented by the procurement department

	Gap 1*	Gap 2**	Gap 3†	Gap 4‡
Size				
<i>Quartile 1</i>	58.9	63	53.8	49.3
<i>Quartile 2</i>	62.4	63.4	55.8	49.2
<i>Quartile 3</i>	67.8	66.8	61.1	51.1
<i>Quartile 4</i>	63.1	61	64.1	58
B2B	64	65	61.1	53.1
B2C	62.2	62.3	56.4	50.6
Domestic	63.1	62.7	53.2	46.3
International				
<i>Emerging</i>	60	63.8	71.5	67.5
<i>Developed</i>	65.8	65.2	57.2	47.9
* Proportion of informal desire for environmentally responsible procurement fulfilled				
** Proportion of formal desire for environmentally responsible procurement fulfilled				
† Proportion of informal desire for socially responsible procurement fulfilled				
‡ Proportion of formal desire for socially responsible procurement fulfilled				
All values are percentages				

These data reveal three notable trends:

1. In the main, support for ERP is more fulfilled than that for SRP.
2. In relationships with suppliers in emerging economies, support for SRP is much more fulfilled than that for ERP;
3. Top management support displayed informally receives a better response than formal support.

The first trend that procurement managers' action is more likely to fulfil top managers' support for ERP than for SRP may be explained by its salience among procurement managers; that it is easier to report progress in a measureable issue; that it is (perhaps for these reasons) simply more institutionalised into management practice and managers, therefore, have more experience in implementing environmental strategies.

Despite this, the second trend finds the inverse where, in the context of relationships with suppliers in emerging economies, procurement managers respond more to top management's support for SRP than to ERP.

5.4 Conclusion

This chapter has provided a detailed descriptive, cross-sectional overview of the data collected for quantitative study. It identified some trends in the data that may be substantiated in the regression analysis in the following chapter.

The aim of this thesis is to explore the internal mechanisms organisations use to translate their top management's support for SERP into practice. This chapter contributes to that by identifying the discrepancy between policy and practice. The former is examined from two sides: informal (i.e. the behaviour shown by top management) and formal (i.e. written policy). Both were examined from the perspective of the procurement department. Practice is examined through the qualitative responses provided by the participant, which are quantified using a process modelled on Bloom and van Reenen (2007).

These efforts go beyond those of extant studies that have concentrated on the use of codes of conduct and other policy-level documents (Beske *et al.*, 2008; Castka and Balzarova, 2008; Boyd *et al.*, 2007; Roberts, 2003; Kolk and van Tulder, 2002a&b). By not examining the *actual* action of the procurement department, these studies implicitly assume that organisations are void of internal friction and that they act as coherent wholes to put these policies into practice (Lucas, 1987). Furthermore, scholars have recently begun to dispute the effectiveness of policies (Boyd *et al.*, 2007; Welford and Frost, 2006; Sitkin and Roth, 1993) and to note that organisations are in fact struggling to demonstrate their commitment to the wider CSR cause through organisational practice (Lindgreen and Swaen, 2010; Lindgreen *et al.*, 2009b).

There are nine major findings of this chapter:

1. All types of top management support are seen by the procurement department to be above the mid-point (4);
2. All types of top management support increase with organisational size;
3. The average level of SERP implementation is below the mid-point (3);
4. SERP implementation increases with size;
5. SERP implementation is higher in relationships with foreign suppliers;
6. Socially responsible procurement practices are more prevalent in relationships with suppliers in emerging economies than any other context;
7. Support for environmentally responsible procurement is generally more fulfilled than socially responsible procurement;
8. Support for socially responsible procurement is more fulfilled in relationships with suppliers operating in emerging economies;
9. Informal manifestations of top management support are put into practice more than formal manifestations.

The following chapter uses OLS regression analysis on the same data, in order to explore the role of resources in the process of putting policy into practice.

6. The role of intangible capabilities: a quantitative regression analysis

6.1 Introduction

Through the description of the quantitative data collected, the previous chapter illustrated the problem that this study attempts to explain, *i.e.* the gap between an organisation's support to engage in SERP and the significantly lower level of its actual implementation. This chapter builds on these findings and aims to explore the role of an organisation's intangible resources in facilitating its SERP implementation. As proposed in the conceptual development, an organisation's inability to implement its cultural support is proposed to lie in its lack of capability to do so; more precisely, in that of the procurement managers.

Taking into account the capability (or the resources) at this level of analysis represents one of this study's core contributions to the extant body of knowledge. Attempts thus far to examine the organisational response to stakeholder pressure have remained fragmented and focussed on policy developments. Codes of conduct appear in the responsible procurement literature as the most salient form of response (Kolk and van Tulder, 2002a&b; Murphy and Poist, 2002) and for this response to be effective, top management support is fundamental (Mamic, 2005).

Policies, however, do not explicitly constitute the action of the procurement manager in the buyer-supplier relationship. They are conceptualised as formalised indicators of the organisation's cultural support to engage in SERP practices (and are referred to as 'policy commitments'). Following Ramus and Steger (2000) and Ramus (2001), it is understood that, for example, "policies that manifest commitment to improvements in [social and environmental] performance can show *that the company wants* employees to try [SERP]" (Ramus, 2001: 86, emphasis added). Top management can also express support through their institutionalised authority to consciously or unconsciously shape the organisation's culture (Blau, 1964). Their perceived actions and behaviour (that are referred to as 'top management support') significantly affect the attitudes and behaviours of staff in the organisation (Ramus, 2001).

Scholars have begun to question the effectiveness of policy-level responses that are so far removed from the intra-organisational agents charged with putting SERP into action (Pedersen and Andersen, 2006). Pedersen and Andersen (2006) highlight in their recommendations two aspects of the buyer-supplier relationship within the supply chain context (as opposed to the business-to-consumer dyad). The first is the role of reputation effects and the second is the need for buying organisations to monitor their suppliers on requirements laid out in the “contract [made] between the company and society” (*ibid.*: 237). The former lies distinctly outside the scope of this thesis, as the concept of ‘reputation’ is subject to the focal firm’s self-projection and the perception of its trading partners of this projection. Monitoring practice, however, is under the complete control of the buying organisation. It is thus a resource that can be deployed in order to realise the organisation’s cultural support to implement SERP (Barney, 1991).

Procurement departments are presented with an obstacle if, in fact, the appropriate resources to implement this support are not at their disposal (Barney, 1991). Top management may place greater emphasis on activities other than SERP and prioritise resource allocation accordingly (Cousins *et al.*, 2006), particularly in light of SERP’s discretionary nature (Ramus and Montiel, 2005; Davis, 1973). Whilst this may pertinently apply to the allocation of physical resources, Barney (1991: 101) also identifies organisational resources, which he defines as “a firm’s formal reporting structure, ...planning, controlling and coordinating systems, as well as informal relations... between a firm and those in its environment”. This definition of a resource suggests that mechanisms already existent in a firm’s structure, such as monitoring (Pedersen and Andersen, 2006), can be used in the context of SERP to realise the ‘support’ manifested within the organisation.

Supplier development has also featured in the literature as a type of organisational resources (Barney, 1991) and mechanism that is not only completely under the control of the focal organisation (Lee *et al.*, 2009; Carr and Pearson, 2002; McGinnis and Vallopra, 1999) but that can also contribute effectively to a supplier’s performance improvements (MacDuffie and Helper, 1997). In contrast to the apparent benefits of bringing the supplier’s activities into closer alignment with the needs of the focal firm,

investments in a supplier's activities of this nature are distinctly 'non-transferable' and 'unrecoverable' (Krause *et al.*, 2007; Wynstra *et al.*, 2001), which may outweigh the organisation's support to use established supplier development initiatives to engage in SERP activities.

A natural but often assumed result of the "informal relations [...] between a firm and those in its environment" (Barney, 1991: 101) is the amount of experience a buying organisation has with its supplier (Hill, 2009; Cousins *et al.*, 2007). Experience is considered an important focal point for this chapter, as it brings into play the effect of differing institutional contexts, across which many British organisations work in order to reap the financial benefits of operating and sourcing from abroad. Findings in the extant literature have shown that cultural differences at the national level indeed have an effect on the understanding of SERP practice (Tadepalli *et al.*, 1999). However, an organisation's experience of bridging these cultural and institutional differences has been largely neglected until now.

6.1.1 Structure

The structure of this chapter is as follows. The next section develops the conceptual model and hypotheses. The following section describes the research design. Section 4 presents the results of the study and hypotheses' tests before section 5 relates the findings back to the extant literature. The final section discusses the limitations of this study and suggests some areas for future research efforts.

6.2 Theory development

Research into the implementation of SERP has focussed in the main on issues at the organisational level of analysis. Scholars have highlighted the need to respond to stakeholders' demands (Maignan and McAlister, 2003) and reduce the damage done to corporate brands and maintain reputations (Roberts, 2003). Consideration given to the financial aspect of SERP has also emerged as a salient issue in the field. Debates have surfaced, for example, as to whether financial resources are a driver (Green *et al.*, 1996) or a result (Carter and Rogers, 2008) of engaging in socially and environmentally responsible procurement. At the industry level of analysis, research has focussed on the

effect of factors on the firm's propensity to engage in SERP, including that of governmental regulation (Handfield and Baumer, 2006; Carter and Carter, 1998) and consumer pressure (Arora and Casson, 1996).

The literature has identified the introduction of codes of conduct as the method, in which businesses are most inclined to engage in order to ensure supplier compliance (Preuss, 2009; Welford and Frost, 2006; Pedersen and Andersen, 2006; Mamic, 2005; Roberts, 2003; Kolk and van Tulder, 2002b; Emmelhainz and Adams, 1999). Lim and Phillips (2008) purport that effective implementation of these codes of conduct rests on the type of relationship between the buyer and supplier. They argue that buyers should aim to move from transactional to more collaborative transactions in order to support mutual engagement in SERP activity. Pedersen and Andersen (2006) also refer to the benefits of a trusting (collaborative) relationship that can reduce the transaction costs associated with monitoring.

Although still very much at the organisational level of analysis, research efforts have started to look *within* the organisation (Walker *et al.*, 2008; Cooper *et al.*, 2000, 1997). This chapter furthers this line of research by exploring internal aspects of the organisation that can act as capabilities for SERP implementation (Barney, 1991). With this aim, a theoretical approach is employed that crosses the organisational and departmental level of analysis. This is in response to the recognition that findings in the literature have been reported under the assumption that organisations operate void of internal friction, thus as coherent entities (*see* Lucas, 1987 for a more detailed treatment of intra-organisational interest groups). The theory for the intra-organisational determinants of SERP therefore draws upon a differentiated view of organisational culture (Martin, 2002; Lucas, 1987) and the resource-based view of the firm (Barney, 1991). The first conceptual component to be discussed is an organisation's cultural 'support' to implement SERP practice. This shall be discussed at the organisational level of analysis and consists of three parts, i.e. firstly, an organisation's social policy commitments; secondly, an organisation's environmental policy commitments (both serving as indicators of the organisation's socially and environmentally responsible culture); and the degree of informal top management support. The second concept to be discussed is the degree to which the procurement department is able to implement this 'cultural support' as a function of the resources it has at its disposal.

An understanding of an organisation's 'cultural support' for SERP requires consideration to be given to the ways in which it can be observed and later translated into manifest action. This topic also calls for careful attention to the part of the organisation that governs 'cultural support' (top management) and that part which is tasked with putting this support into action (the procurement department). The degree to which an organisation wants to engage in a certain activity is perceived through characteristics of its culture. The culture of an organisation is therefore taken as an indicator of the will an organisation has to engage in a said activity. In light of top management's institutionalised authority, their subsequent ability to mould the organisation's culture and to 'govern its support for certain activities' (McDonald and Nijhof, 1999; Sims, 1991; Blau, 1964) leads to the adoption of a culturally materialist perspective on this organisational group.

There are two primary reasons for the use of this perspective in this study. Firstly, it permits the examination of cultural artifacts including reports on behaviour and policy commitments as, following Carter (2005), a reliable proxy for the deeper beliefs, values and assumptions (Schein, 2004) held at this level of the organisation. Moreover, cultural artifacts expose that which the procurement manager is able to perceive to be valued in the organisation (Sims, 1991; Sackmann, 1992). Secondly, the examination of cultural artifacts highlights not only physical aspects of the organisation but also other observable characteristics, such as verbal artifacts (Martin, 2002; Howard, 1998) and behavioural routines (van Maanen, 1988; Riley, 1983).

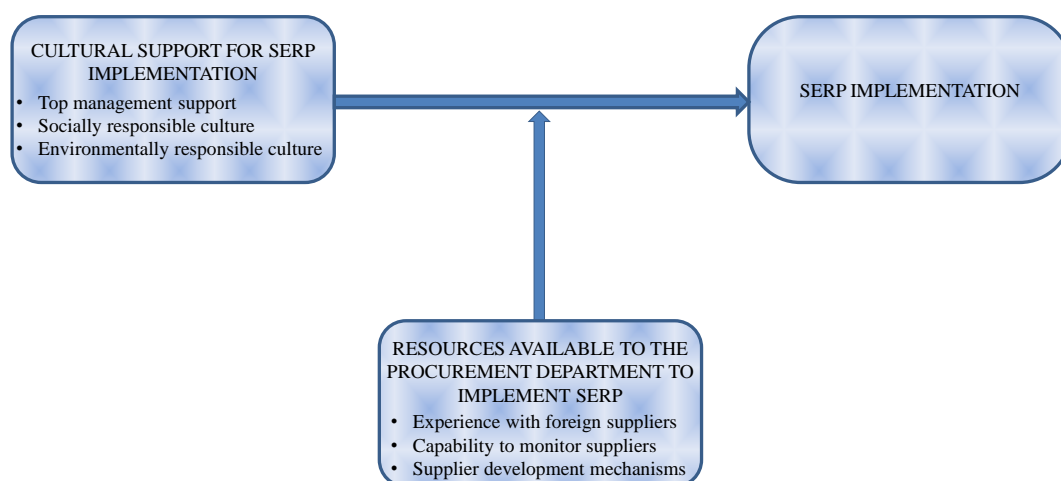
Following Carter *et al.* (1999; *see also* Cousins *et al.*, 2004; Russo and Fouts, 1997), this study adheres to Barney's (1991) original definition of resources save that they need to be at the disposal of the procurement department in order for the organisation's support for SERP to be implemented at the departmental level of analysis. The importance of resource dedication has also been supported in previous research in the field (Côté *et al.*, 2008; Carter and Rogers, 2008; Carter and Jennings, 2004). These contributions to scholarly research of resources in SERP have concentrated on physical, or tangible, resources (*e.g.* Côté *et al.*, 2008; Welford and Frost, 2006).

Comparatively few studies have explicitly focussed on organisational (or intangible) resources, which Barney (1991: 101) defines as an organisation’s “formal and informal planning, controlling, and coordinating systems, as well as informal relations [...] between a firm and those in its environment.” Carter (2005) argues for organisational learning as a key mediating variable and Preuss (2001) advocates the increased potential for engaging in SERP when the buying organisation benefits from more power in the supply chain than its supplier. However, in neither study were these examined through the theoretical lens of the resource-based view of the firm. This chapter explicitly contributes to our understanding of intangible resources within the firm and their role in SERP implementation.

6.2.1 Hypothesis development

The model developed in this section (Figure 27) hypothesises that organisations implement SERP if organisational resources (Barney, 1991) have been developed to translate their cultural support for SERP into practice.

Figure 27: Theoretical model



Recognising that ‘cultural support’ can be observed through behaviours and attitudes (Schein, 2004: informal aspects of culture) as well as the various forms of policy commitments made by organisations (ibid.: formal aspects of culture), the model allows for relationships with both forms of cultural support and therefore the possibility that

resources to implement SERP may be mobilised to higher degree in response to one of these two forms. The resources, which are the focus of this chapter, are, experience with foreign suppliers (or international experience); focal firms' capability to monitor suppliers; and the focal firm's supplier development mechanisms. These organisational resources (Barney, 1991) are indeed under the total control of the focal firm but are differentiated from the other two types of resources posited in chapter 3, insofar as they are designed to affect the relationship between the focal firm and the supplier. This is to say that the propositions pertaining to the 'importance of the procurement department' and procurement managers' 'skills and knowledge' are wholly contained within the focal firm and do not directly affect the buyer-supplier relationship.

In response to the body of literature that has laid emphasis on the influence of national culture on organisations' propensity to engage in SERP (Razzaque and Hwee, 2002; Tadeipalli *et al.*, 1999; Wood, 1995), the culture *within* the organisation is examined as a pivotal instrument top management controls to endorse socially and environmentally responsible behaviour (Murphy and Enderle, 1995; *see also* Sims, 1991). This endorsement, however, does not denote implementation but a contributing factor to the degree to which organisational members act ethically (Crane and Matten, 2004; Maignan and Ferrell, 2001). Recognition has been borne out in the literature of the informal and formal nature of organisational culture (*e.g.* Cooper *et al.*, 2000; Sims, 1991). The former highlights the influence of top management's behaviour and the latter, the influence of official policies and sanctioned systems and routines (*see* Greenwood and Hinings, 1993). The first hypothesis highlights the organisation's informal culture and is that:

Hypothesis 1a: Top management support has a direct and positive effect on the implementation of socially responsible procurement (SRP);

Hypothesis 1b: Top management support has a direct and positive effect on the implementation of environmentally responsible procurement (ERP).

Turning to the formal manifestations of the organisation's (*read* top management's) support to implement SERP, both von Solms and von Solms (2004) and Sims (1991) state that policy is a medium not only to communicate with members of middle management and employees but also to institutionalise ethics in the organisation. In this way, top management provides guidelines for decision-making (Preuss, 2009), restricts behavioural choices (Ammeter *et al.*, 2002) and makes the intended direction of the organisation's activities clear (Pava and Krausz, 1997; Deal and Kennedy, 1982).

Policy-level documentation can also be significantly supportive. Employees have reported that the presence of a code of ethics has contributed positively to their feeling of being encouraged rather than intimidated to act ethically (Adams *et al.*, 2001). This is supported in other areas of the management literature, where it has been empirically supported that employees' engagement to help their 'organisation reach its objectives' is affected by the degree to which those employees feel supported to do so in their place of work (Eisenberger *et al.*, 2001: 42). Therefore, it is hypothesised that:

Hypothesis 1c: Socially responsible policy has a direct and positive effect on SRP implementation;

Hypothesis 1d: Environmentally responsible policy has a direct and positive effect on ERP implementation.

Inter-firm relationships are crucial in the study of supply chain phenomena (Bechtel and Jayaram, 1997; Carter and Ferrin, 1995; Sahay, 2003). In the current study, they are of interest insofar as the focal organisations affect them through their intangible resources. Preuss (2002) underscores the relational view of SERP and studies have highlighted the importance of closer organisational links with suppliers in order to facilitate such initiatives (Lim and Phillips, 2008; Hervani *et al.*, 2005; Cousins *et al.*, 2004). However, some scholars have warned against relationships that have become too collaborative. Mayer *et al.* (1995), for example, highlight the fine line between the trust required to collaborate closely with suppliers and the risks organisations run in doing so. Wynstra *et al.* (2001) conclude that the parameters of buyer-supplier relationships need to be clearly defined in order to mitigate the supplier's potential shortcomings that were overlooked during supplier selection. Following Barney (1991), monitoring

mechanisms and supplier development systems are examined as two ‘organisational resources’ under the procurement department’s control.

Scholars in the SERP literature have approached the act of monitoring from a variety of different perspectives with equally varied findings. Most notably, in the SERP field, Pedersen and Andersen (2006) advocate monitoring practice as a way to avoid the cost associated with developing deeper relationships, given the increase in resources needed to distinguish between genuinely trustworthy and opportunistic suppliers. In this way, the authors lean toward a stance that treats all suppliers in an equal fashion. Although clear monitoring practice does not seem to be too much of an obstacle in a European context (Kolk and van Tulder, 2002a), research conducted in international buyer-supplier relationships (*e.g.* Locke *et al.*, 2007; Egels-Zandén, 2007) has exposed that monitoring suppliers in an ‘arm’s-length’, mechanistic style does not always satisfy the goal of the exercise. The deception by suppliers found in this area of the literature was part of Locke *et al.*’s (2007) recommendation that monitoring practices should be complemented with a mechanism that addresses the root cause of non-compliance. This is a potentially costly addition to Pedersen and Andersen’s (2006) original intention.

The wider management literature offers organisations an alternative to focussing on the actual practice of monitoring. The development of internal capability to monitor suppliers in a variety of ways (Wathne and Heide, 2000) would enable focal firms to detect opportunistic behaviour in their supply base more easily (Heide and Miner, 1992; Stump and Heide, 1996). Morgan *et al.*’s (2007) study of supplier opportunism in the UK supermarket supply chain found that opportunism indeed decreased with the supermarkets’ increased capability to monitor their suppliers’ behaviour. Therefore, it is hypothesised in the context of socially and environmentally responsible procurement, too, that

Hypothesis 2a: The procurement department’s capability to monitor its suppliers will positively moderate the effect that top management support and policy commitments have on SRP implementation

Hypothesis 2b: The procurement department's capability to monitor its suppliers will positively moderate the effect that top management support and policy commitments have on ERP implementation

In line with Barney's (1991) assertion that resources also constitute "informal relations [...] between a firm and those in its environment" (*op. cit.*), the amount of experience the buying organisation has with its suppliers is also taken into account. Specifically, the focus is on the relationships held with suppliers located abroad. In the SERP literature, studies have highlighted the patchy success businesses have had in assuring supplier compliance with codes of conduct and acting responsibly in a more general manner (Egels-Zandén, 2007). Egels-Zandén (2007) highlights an effective example of nine Chinese toy manufacturers that successfully decouple their 'formal and monitored' operations from the unmonitored parts that remain hidden from the Western toy retailer and make non-compliance possible. This practice is arguably reduced as the experience of an organisation and its ability to pre-empt attempts of non-compliance increase.

Experience of the procurement function has been the empirical focus of numerous studies in various contexts as the amount of experience a buying organisation has with its supplier (e.g. Hill *et al.*, 2009; Cousins *et al.*, 2007). At this level, decidedly mixed findings of the role of experience have been reported (McAdam and Galloway, 2005; Hur *et al.*, 2004; Lewis, 2000). Despite these findings, experience is argued here to be an important intangible resource in SERP implementation in international contexts. This focus underscores globalisation as an aspect of SERP that has significantly shaped the field's research agenda. Examples of the first contributions to this area include Frenkel (2001), who recognised the importance of international considerations, as British businesses have increasingly looked abroad in the search of financially advantageous supplier relationships. With specific reference to SERP implementation, Hofmann *et al.* (2012) argue that experience with foreign suppliers is an influential factor of the focal organisation's capability to implement SERP. Also in the SERP literature, Tadepalli *et al.* (1999) highlighted the importance of experience with foreign suppliers to mitigate the effect of actions borne in institutional contexts supporting norms that are fundamentally at odds with those in the nation of the buying organisation (see also Lau and Goh, 2005).

It is therefore hypothesised that:

Hypothesis 2c: The degree to which organisations have experience in trading with foreign suppliers will positively moderate the effect that top management support and policy commitments have on SRP implementation

Hypothesis 2d: The degree to which organisations have experience in trading with foreign suppliers will positively moderate the effect that top management support and policy commitments have on ERP implementation

Direct supplier development is an influential factor in maintaining responsiveness and competitiveness (Lee *et al.*, 2009). This factor has been studied primarily for its effect on an organisation's financial performance (Carr and Pearson, 2002; McGinnis and Vallopra, 1999). Moreover, supplier development activities are important to the buying firm's efforts to improve supplier performance (MacDuffie and Helper, 1997; *see also* Carter and Narasimhan, 2000) in terms of quality, order cycle duration and delivery time (Krause, 1999).

Scholars have also identified the reduction of supply risk (Zsidisin and Smith, 2005) and the reduction of transaction costs (Lee *et al.*, 2009; Krause *et al.*, 2007) as motivations of closer relationships with suppliers. Gratifying this motivation is more probable in cases where the supplier is involved in buyer-supported training and product development is higher (Carr *et al.*, 2008). However, the literature has revealed that, despite these advantages, direct involvement activities do pose a potential risk to the buying firm, as the investments in general are 'non-transferable' and 'unrecoverable' (Krause *et al.*, 2007; Wynstra *et al.*, 2001). Hoegl and Wagner (2005) highlight that, if supplier involvement is to aid the relationship, either at the strategic or project level, it is important to specify the way in which this process should be managed (*see also* Brown and Eisenhardt, 1995; Anderson and Jap, 2005). Nevertheless, Hoegl and Wagner (2005: 540) do support the increased involvement of suppliers in projects in

terms of “efficiency (development schedule and development cost) and effectiveness (product cost and product quality) of product development projects”.

Supplier development activities form part of a structural resource that can be tailored by the procurement department to respond to top management’s support for SERP to be implemented. Communication, as a major part of supplier development and a contributor to the level of trust (Kwon and Suh, 2004), would have a significant influence on the degree to which SERP activities are implemented (Simpson *et al.*, 2007). It is therefore hypothesised that:

Hypothesis 2e: More established supplier development initiatives will have a positive moderating effect on the implementation of the organisation’s support for SRP;

Hypothesis 2f: More established supplier development initiatives will have a positive moderating effect on the implementation of the organisation’s support for ERP

These hypothetical relationships posit the direct effect that cultural support has on SERP implementation. They also posit the hypothetically positive moderating effects of organisational resources to which the procurement department has access. The research design of this study is now discussed. This excludes an explanation of the innovative method used to capture the *actual* level of SERP implementation, which can be found in section 4.5.4. The following section describes the methods used to test these hypotheses.

6.3 Method

Participation was sought from organisations operating within the United Kingdom between February and August 2008. Organisations were contacted via the FAME database and were listed in the FTSE indices 100, 250, 500 and AllShare. No a priori discrimination was made against organisations operating in the United Kingdom that were registered elsewhere. Each organisation was contacted initially by email and latterly by email and telephone. Efforts to increase the response rate included obtaining

permission from highly visible organisations to include their name in subsequent recruitment efforts and seeking endorsement for the project from salient industry associations and relevant non-governmental organisations, such as Business in the Community (BitC) and SEDEX. Participating organisations were then subject to a two-stage interview measuring the level of support for and actual SERP implementation.

Data collection was affected by the onset of the economic recession, as the participants were sought between February and September 2008. Moreover, this process came to a natural end, as consistent rejections from potential participants often cited this reason for a company's non-participation. After natural attrition of the initial number of participants, 178 companies completed the whole process of data collection. This represents a response rate of 6.2%, leading to a total number of observations of 340 buyer-supplier relationships. On average, participants from each organisation answered the survey in relation to two of their supplier relationships: one domestic, one international. The relationship was chosen by the participants as both interesting in the context of their business' operation as well as familiar to them.

6.3.1 Explanatory variables

The explanatory variables included in the model are the level of top management support and pervasiveness of socially and environmentally responsible company policy. Interaction effects are included in the model to measure the procurement department's capability to monitor and develop suppliers and the degree to which the buying organisation is experienced in managing foreign supplier relationships. These data were gathered from the most accessible senior manager. Typically, these were, for example, Head or Director of Procurement, Head of Global Sourcing, Head of Supply Chain or Group Procurement Manager.

Each explanatory construct was measured using a seven-point Likert scale. These were then subject to confirmatory factor analysis. Each regression was conducted using the factor variable created from the individual items to measure the explanatory power of each construct in turn. Each construct that constitutes more than one item can be subjected to tests that ensure the reliability of the measures (Hair *et al.*, 2006) and the internal validity of the measures (that the measures are measuring what they are targeted

to measure). Each set of measures used for the constructs hypothesised to influence SERP implementation were subject to factor analysis as an internal validity test and to Cronbach's alpha reliability test. In summary, items loaded onto the constructs that they are targeted to measure with loadings all above 0.6; most constructs retained reliability above the threshold accepted in the literature of 0.7. The exception to this is the reliability measure of Socially Responsible Policy Commitments (SOCPC): 0.466.

Top management support (shown in Table 14) is measured using items adapted from those previously tested by Cousins *et al.* (2006).

Table 14: Variables measuring top management support

Top Management Support (TOPMAN)	$\alpha = 0.85$	<i>To what extent do you agree with the following statements?</i>	
		Top management is supportive of our efforts to improve socially and environmentally responsible procurement	0.878
		In this company, socially and environmentally responsible procurement is considered a vital part of our corporate strategy	0.893
		Purchasing views on socially and environmentally responsible procurement are considered important in most top managers' eyes	0.874
1 = Strongly disagree; 7 = Strongly agree			

As posited in Chapter 3, the theoretical construct of 'top management support' represents the informal manifestation of support for SERP implementation in the subculture at that level of the organisational hierarchy. By subjecting these survey items to the responses of the procurement department, the findings reveal procurement managers' perceptions of top managers' behaviour and attitudes (Carter, 2005; Schein, 2004) with regard to the importance of SERP implementation in the context of procurement operations.

This point is linked to the theoretical debate in the 'leadership' literature (in which managers/subordinates are referred to as leaders/followers) regarding its overlap with the concept of 'top management support' (cf. Bowers and Seashore, 1966). In the

supply chain management literature, top management support, contrary to the distinction made earlier in chapter 3, has indeed been said to play “a critical role in shaping an organization’s values, orientation, and direction” (Mentzer *et al.*, 2001), which are traditionally outputs of leaders rather than managers (Carlson and Perrewe, 1995; Kotter, 1990; Blau, 1964). Furthermore, in ‘shaping’ these aspects of an organisation, Gill (2003) reconciled that management must display ‘commitment’ throughout processes of organisational change – a concept that demonstrates aspects of both management (such as ‘investing resources’ and ‘holding regular reviews of progress’ [p. 308]) and leadership (such as ‘awareness of the impact of their own behaviour’ and ‘providing a consistent message’ [ibid.]). This overlap is clearly demonstrated by Kotter (1990), who lists these characteristics in order to contrast those of a manager against those of a leader.

Empirically, high degrees of similarity between the presence of ‘top management support’ and that of ‘leadership’ have been argued (Green, 1995). Needless to say that items developed to measure either of these constructs are often addressing members of the same level of organisational hierarchy (Skipper and Hanna, 2009). Conflict over the internal validity of constructs developed to measure the presence of transformational leadership (Thite, 1999; Bycio *et al.*, 1995), identified by Carlson and Perrewe (1995) as the most conducive to SERP implementation, has guided the decision in the current study to implicitly integrate the notion of leadership by soliciting responses from the ‘followers’.

Further to the procurement department’s perception of top managers’ behaviour and attitudes, top managers also affect organisational culture conspicuously or inconspicuously (Saini, 2010; Sims, 1991; Blau, 1964). The most salient example of this is the development of policy (e.g. Preuss, 2009). Policy commitments pertaining to environmental responsibility are measured using items for Simpson *et al.* (2007: 39), which were “intended to capture an aggregate measure of the [focal organisation’s] underlying commitment to its environmental responsibilities using a scale which indicated environmental commitment as expressed through the organization’s policies, values and employee awareness programs.” A similar approach was taken by Maignan and Ferrell (2000), whose measures of socially responsible culture exhibited by organisations were adapted to the current study. These variables are shown in Table 15.

Table 15: Variables measuring socially and environmentally responsible policy commitments

Socially Responsible Policy Commitments (SOCPC)	$\alpha = 0.466$	To what extent do you agree with the following statements?
		At our firm, we have programs that encourage the diversity of our workforce (in terms of age, gender and race) 0.612
		Internal policies prevent discrimination in employees' compensation and promotion 0.796
		At our firm, we make a concerted effort to ensure that every employee complies with health and safety policies and procedures 0.706
1 = Strongly disagree; 7 = Strongly agree		

Environmentally Responsible Policy Commitments (ENVPC)	$\alpha = 0.855$	To what extent do you agree with the following statements?
		Our firm has a clear policy statement urging environmental awareness in every area of the business 0.909
		Protecting the environment is a central corporate value in our firm 0.847
		At our firm, we make a concerted effort to make every employee understand the importance of environmental management 0.885
1 = Strongly disagree; 7 = Strongly agree		

The items used to measure the level to which an organisation monitors its suppliers (Table 16) were taken from Noordewier *et al.* (1990), who argue that “monitoring mechanisms are effective in cases of high uncertainty but not in arm’s length relationships with low uncertainty” (Akamp and Müller, 2012: 3). The analysis in the current study drew upon the procurement department’s *capability* to monitor suppliers. Capturing this variable at the departmental (or transaction) level of analysis recognises that only the procurement department monitors suppliers, which, in cases of high uncertainty such as SERP, is a resource that can be drawn upon in efforts to assess supplier performance and compliance (Carter, 2000; Dobilas and MacPherson, 1997). In order to determine the *capability* to monitor suppliers, values were produced for each buyer-supplier relationship in the confirmatory factor analysis described above. Of the values attributed to the domestic and international relationships of any single buying

organisation, the lower value was replaced with the higher value produced in the factor analysis. The higher value is used in the regression analyses to reflect the amount of monitoring capability that the buying organisation has, notwithstanding the effects of relational factors. This is to say that the variable only measures, as per the scope of this study, the level of internal capability to monitor suppliers.

Table 16: Variables measuring monitoring capability

Monitoring (MONIT)	$\alpha = 0.733$	<i>To what extent do you agree with the following statements?</i>	
		We assess this supplier's performance through a formal supplier evaluation program	0.807
		The supplier must provide summary usage reports, tally sheets, or some similar kind of report (on a quarterly or monthly basis)	0.724
		We conduct quality training for supplier personnel	0.602
		The relationship we have with suppliers makes use of many formal control mechanisms	0.843
1 = Strongly disagree; 7 = Strongly agree			

The items used to measure the degree to which the organisation is experienced with non-domestic suppliers are adapted from Mjoen and Tallman (1997). Drawing on the dynamic capabilities literature, experience with foreign suppliers is interpreted in this study as a resource that aids the focal firm to interact more effectively in international relationships through intangible assets such as a more established reputation (Teece *et al.*, 1997) and heightened awareness of interacting with suppliers operating in differing cultural norms and national institutional contexts (Cadden *et al.*, 2010). In order that the variables displayed in Table 17 are applied in the analysis only to transactions with suppliers outside the United Kingdom, a dichotomous variable was introduced to the data set so as to differentiate between domestic and international supplier relationships.

Table 17: Variables measuring experience with foreign suppliers

International Experience (INTEX)	$\alpha = 0.966$	To what extent do these statements reflect your firm's international presence?	
		Our firm has a long tradition of purchasing internationally	0.956
		Our firm has been procuring goods from foreign countries for many years	0.973
		Purchasing goods abroad has been part of our strategy for many years	0.975
1 = Strongly disagree; 7 = Strongly agree			

Lee *et al.*'s (2009) validated construct of supplier development (Table 18) is derived from Krause *et al.*'s (2000) items and used in the current study, in order to measure the degree to which the buyer's "effort [...] with a supplier to increase its performance and/or capabilities and meet the buying firm's short and/or long-term supply needs" influences their SERP implementation (Krause and Ellram, 1997: 39).

Table 18: Variables measuring supplier development

Supplier Development (SUPDEV)	$\alpha = 0.747$	To what extent do you agree with the following statements?	
		We use established guidelines and procedures when evaluating supplier performance	0.823
		We perform site visits to supplier premises to help improve their performance	0.846
		We invite supplier personnel to our premises to increase awareness of how their product is used	0.775
1 = Strongly disagree; 7 = Strongly agree			

6.3.2 Control variables

The control variables included in this study are the length of the relationship between the buyer and supplier; the product's importance to the focal firm's operation; the amount of buyer control over supplier processes; and industry/type of product. With the exception of the control variable for industry, these data were gathered from the

procurement manager, who identified him- or herself as the manager most knowledgeable about the relationship.

The first control variable is organisational size and is measured using the logarithm of the number of employees (Nesheim, 2001; Pugh *et al.*, 1969). This is included in the regression models as larger organisations are generally more visible to stakeholders (Bowen, 2002; Luoma and Goodstein, 1999) and are more engaged in maintaining their reputation (Meznar and Nigh, 1995). Reputation has emerged in the SERP literature as a significant consideration for organisations engaging in SERP practices (e.g. Pedersen and Andersen, 2006; Roberts, 2003; Diller, 1999). However, as discussed in the introduction to this chapter, the concept of 'reputation' lies outside the boundaries of the focal firm and thus of this study, as it is subject to the focal firm's self-projection and stakeholders' perception of this projection. In other studies of the SERP literature, firm size has been seen to significantly influence the degree of engagement in related practices (Zhu *et al.*, 2008; Lee and Klassen, 2008; Carter and Jennings, 2004). Furthermore, the inclusion of organisational size also controls for the organisation's access to physical resources (Brammer and Millington, 2006; Penrose, 1959) and 'financial size', which has been observed to be highly correlated with the number of employees (Pugh *et al.*, 1969).

The length of the relationship is measured using the logarithm of the number of years the focal firm has been in a trading relationship with the supplier (*see* Cousins and Lawson, 2007). Length of the relationship has been seen to influence the performance of the relationship (Cousins *et al.*, 2006) as well as the level of trust (Doney and Cannon, 1997), which may affect the focal firm's decision to invest in SERP initiatives in that relationship.

The product's importance is included in the model to allow for a possible motivation the buying organisation may have to engage in SERP activities that lies in characteristics of the product rather than of the organisation's culture or resource base. Scrutiny from stakeholders focussing on products contributing to the focal firm's core output (e.g. cotton in the apparel industry [Mamic, 2005; Emmelhainz and Adams, 1999] and sugar in the confectionary industry [Roberts, 2003]) and therefore bought in large quantities contributes to the motivation to engage in SERP. Cannon and Homburg (2001)

operationalize items measuring a product's importance as shown in Table 19. The figure also displays the confirmatory factor analysis for these items.

Table 19: Control variables measuring product importance

Product Importance (PROIMP)	$\alpha = 0.829$	<i>To what extent do you agree with the following statements?</i>	
		This item represents a major proportion of the end product's value	0.914
		This item represents an unimportant element of the end product (R)	0.859
		This item's specification and quality have a large impact on the performance of the end product	0.815
<i>1 = Strongly disagree; 7 = Strongly agree</i>			

Table 20: Control variables measuring buyer control

Buyer Control (BUYCON)	$\alpha = 0.741$	<i>To what extent does your company or the supplier have control over:</i>	
		This supplier's processes and technology	0.785
		Ongoing design and/or engineering changes	0.699
		Selection of this supplier's sub-suppliers	0.746
		This supplier's quality control	0.799
<i>1 = The Supplier; 7 = Your Company</i>			

The level of control the buying organisation has over the supplier's processes aims to control for a condition of the buyer-supplier relationship that may facilitate or hinder SERP implementation. Conditions, resulting in either party's ability or opportunity to control the other's processes, may lead to SERP implementation when it is prioritised by the dominant party (Min and Galle, 2001; Hines *et al.*, 2000). Millington (2008) posits theoretically, however, that a balance in this aspect of the buyer-supplier relationship is the most conducive state for SERP implementation. Clearly, the balance of control in the buyer-supplier relationship may influence the degree of SERP implementation. However, it lies outside of the model, of which the parameters end at the boundary of the focal firm and do not include aspects of supplier relationships (*but see* Lavie, 2006). Millington *et al.* (2006) operationalize items measuring the level of

control the focal firm has over the processes of its suppliers as shown in Table 20. The figure also displays the confirmatory factor analysis for these items.

Industry/type of product is controlled for in two ways, of which the aim is to move away from names and industry codes and rather to bring to the fore the nature of the buyer-supplier transaction in question as well as to ensure the absence of multicollinearity between these control variables. The first is labelled ‘Socially Impactful Product’ or SIPRO (and correspondingly, ‘Environmentally Impactful Product’ or EIPRO) and the second is labelled ‘Socially Impactful Product and Socially Impactful Industry’ or SIPROIND (and correspondingly ‘Environmentally Impactful Product and Socially Impactful Industry’ or EIPROIND). In determining the socially or environmentally impactful nature of a product or industry, this study employs the findings of existing studies. These relate primarily to environmental impacts, which reflects the dominance this subject in the extant literature (see Chapter 2).

Based on their emission per unit of output, Mani and Wheeler (1998) label certain industries as ‘dirty’: industrial chemicals; non-metallic mineral products; pulp and paper; non-ferrous metals; and iron and steel. Jänicke *et al.* (1997) build on this list of manufacturers by adding industries that do not explicitly manufacture goods, such as electricity production and transportation. These industries also feature in empirical studies extant in the SERP literature and are therefore used to determine whether the focal firm is itself producing in or procuring from an environmentally impactful industry.

With regard to controlling for industries and products that have been associated with a variety of social issues, no previously established list exists in the same way as it does for environmentally impactful industries. However, contributors to the SERP literature have identified a number of industries that are characterised by low compliance with human rights and labour standards; extensive and multi-layer networks or subcontractors; low levels of skill; low wages; child labour; exposure to chemicals; and low levels of health and safety measures (Neef, 2004). Most notably in the literature, this includes the apparel, leather, textile, agricultural, food and drink industries, as their roots are in emerging economies (Amaeshi *et al.*, 2008; Maloni and Brown, 2006; Mamic, 2005; Roberts, 2003). With a similar rationale of an industry’s entrenchment

and reliance on the labour force of an emerging economy, Neef (2004) adds ‘light good manufacturing’, including soft and plastic toys, footballs, carpets and handicrafts to the list.

Both are constructed using dichotomous variables that indicate whether a) the transaction is of a product from an industry that has a salient social or environmental impact (SIPRO and EIPRO) or b) the transaction entails the procurement of a product from a socially/environmentally impactful industry into the industry of the buying organisation, which is also socially/environmentally impactful (SIPROIND and EIPROIND).

Table 21 presents the descriptive statistics (means, standard deviations and correlations) for all variables used in this study. This table does not present any immediate concerns with regard to the collinearity between variables. Further to this, variable inflation factors (VIFs) are also presented for the full regression models presented in Table 22 and Table 23.

Table 21: Descriptive statistics

	Label	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	SRP	2.239	1																									
2	ERP	2.384	0.8054	0.613																								
3	SIZE	8.95E+00	2.06E+00	0.188	0.159																							
4	RELLEN	1.8187	0.97895	0.001	0.034	0.005																						
5	PROIMP	0	0.998524	0.168	0.109	-0.193	0.191																					
6	BUYCON	0	0.998524	0.212	0.145	0.049	-0.074	0.086																				
7	SIPRO	0.0824	0.27531	0.029	0.005	0.126	-0.013	-0.219	0.026																			
8	EIPRO	0.1294	0.33615	-0.09	-0.054	-0.026	0.04	-0.042	-0.088	-0.116																		
9	EIPROIND	0.1029	0.30433	-0.103	-0.009	-0.035	0.085	0.143	-0.085	-0.101	-0.131																	
10	SIPROIND	0.1324	0.33937	0.291	0.034	-0.191	-0.008	0.176	0.138	-0.117	-0.151	-0.132																
11	TOPMAN	0	1	0.347	0.314	0.111	0.066	0.097	0.126	-0.013	-0.029	-0.047	0.141															
12	SRCUL	0	1	0.243	0.179	0.283	0.06	0.022	0.072	0.085	-0.009	-0.031	0.063	0.301														
13	ERCUL	0	1	0.156	0.272	0.263	0.087	-0.026	-0.033	0.046	-0.025	0.033	-0.083	0.637	0.381													
14	MONIT	0.3332	0.92625	0.242	0.274	0.263	0	-0.037	0.21	-0.048	0.09	-0.02	-0.048	0.122	0.259	0.18												
15	INTEX	0	1	0.252	0.139	0.017	0.077	0.14	0.075	-0.108	-0.051	0.073	0.281	0.264	0.081	0.042	0.009											
16	SUPDEV	0	1	0.311	0.242	0.076	0.066	0.146	0.135	-0.05	-0.013	-0.044	0.198	0.4	0.259	0.306	0.331	0.308										
17	MONIT1	0.1128	1.05691	0.152	0.127	-0.121	0.117	-0.008	-0.057	-0.079	0.014	0.004	0.078	0.189	-0.037	0.018	-0.099	0.056	0.063									
18	INTEX1	0.1031	0.67145	0.119	0.078	-0.039	0.193	0.196	-0.021	-0.046	-0.062	0.161	0.022	0.141	-0.009	0.066	-0.022	0.022	-0.068	0.057								
19	SUPDEV1	0.399	1.06504	0.012	-0.147	-0.022	0.065	-0.03	-0.057	-0.05	0.069	0.031	0.07	-0.102	-0.144	-0.228	-0.068	-0.088	-0.14	0.356	0.277							
20	MONIT2	0.2396	1.07049	0.003	-0.016	-0.185	0.149	0.004	-0.081	-0.103	0.002	0.165	0.073	-0.036	-0.039	-0.132	-0.064	0.06	-0.009	0.473	-0.013	0.257						
21	INTEX2	0.0804	0.93644	-0.027	0.021	0.081	-0.094	-0.034	-0.085	-0.104	-0.012	0.012	-0.041	-0.1	-0.022	-0.137	0.043	-0.023	-0.048	0.069	0.05	0.074	0.025					
22	SUPDEV2	0.2587	0.98259	-0.021	-0.077	-0.03	0.036	-0.058	-0.002	0.041	-0.004	0.005	0.06	-0.157	-0.034	-0.205	-0.106	-0.046	-0.145	0.347	-0.002	0.553	0.414	0.333				
23	MONIT3	0.1666	1.04714	-0.016	0.06	-0.151	0.098	-0.032	-0.212	-0.037	0.042	0.145	-0.069	0.018	-0.135	0.113	-0.179	0.018	-0.041	0.666	0.034	0.253	0.543	0.041	0.337			
24	INTEX3	0.0416	0.97906	-0.034	0.014	0.009	0.049	0.134	-0.066	-0.08	0.017	0.056	-0.046	-0.089	-0.131	-0.085	0.005	-0.01	-0.146	0.072	0.383	0.31	0.041	0.432	0.185	0.059		
25	SUPDEV3	0.3051	1.30794	-0.111	-0.132	-0.043	0.059	-0.016	-0.084	-0.03	0.066	-0.004	-0.034	-0.186	-0.154	-0.272	-0.12	-0.11	-0.246	0.227	0.138	0.775	0.226	0.134	0.591	0.314	0.402	

n = 340
 Suffix '1' indicates an interaction effect with Top Management Support
 Suffix '2' indicates an interaction effect with a socially responsible organisational culture
 Suffix '3' indicates an interaction effect with an environmentally responsible organisational culture

6.4 Findings

This section serves as a guide through the results of each stage of analysis. A full table showing the correlations between variables is available in

Table 21 above and full results tables are available in Table 22 and Table 23. There are 24 models in total. The dependent variable for models 1-12 is socially responsible procurement. Models 13-24 replicate these models with environmentally responsible procurement as the dependent variable. In line with recommendations made by Field (2009), the variable inflation factors (VIFs) that determine the collinearity between explanatory variables, are all below 10 (see also Bowerman and O'Connell, 1990; Myers, 1990), which, according to Hair *et al.* (2006), does not indicate problematic levels of multicollinearity. The results are presented in the first instance where SRP is taken as the dependent variable.

6.4.1 *Socially responsible procurement as the dependent variable*

Model 1 (Table 22) shows the effect had by the control variables in the base model using 'the implementation of socially responsible procurement' as the dependent variable. The effects of organisational size (SIZE), product importance (PROIMP), the control the buying organisation has over its supplier's processes (BUYCON) are all strongly statistically significant (all *p* values ranging between 0.000 and 0.006). The length of the buyer-supplier relationship (RELLEN) does not have a significant influence at this stage (*p*=0.694). With regard to the nature of the product (SIPRO) and the industry from which it is procured (SIPROIND), *both* the product and the industry are to be socially impactful for socially responsible procurement practice to be systematically implemented (*p*=0.000). Taking into account the number of variables in the base model, the base model explains 18.2% of business' implementation of socially responsible procurement.

Model 2 introduces the measures of top management support and policy commitments for the implementation of SRP practice. The addition of these variables brings an increase in the explanatory power of the model to 24.8%. The informal manifestation

of top management's support (TOPMAN) is shown to be much more influential ($p=0.000$) than organisations' policy commitments (SOCPC; $p=0.104$). The model supports hypothesis 1a, which posited that *"Top management support has a direct and positive effect on SRP implementation"* but not hypothesis 1c, which asserted that *"Socially responsible policy has a direct and positive effect on the implementation of socially responsible procurement (SRP)"*.

In models 3 and 4, MONIT and INTEX are shown to have the most influence. MONIT maintains its significance at the $p \leq 0.01$ level over the three models. INTEX ($p=0.034$) is significant when first introduced in Model 4. The introduction of this variable raises the explanatory power of the model to 27.6%, which remains in Model 5 when SUPDEV is introduced. SUPDEV adds no explanatory power to the model and has an insignificant relationship with the dependent variable.

Measures are subsequently introduced that pertain to the interaction effect between top management support for SRP implementation and monitoring capability (MONIT1 in Model 6) and experience with foreign suppliers (INTEX1 in Model 7). Statistically significant positive moderating effects are observed for both MONIT1 ($p=0.001$ in both models 6 and 7) and INTEX1 ($p=0.054$). These significant relationships are accompanied by increases in the model's explanatory power: 2.1% added by Model 6 and an increase to 30.2% by Model 7. This finding provides support for hypotheses 2a and 2c, which posit that a greater degree of monitoring capability (MONIT1) and trading experience with organisations operating outside of the United Kingdom (INTEX1) *"will have a positive moderating effect on the implementation of the organisation's support for SRP"*.

The support shown thus far for hypotheses 2a and 2c explained above is tempered by further testing. The effect had by the same interaction variables (denoted by MONIT2 and INTEX2) is shown in models 9 and 10, where their interaction is shown with the measures of the policy commitments made by organisations. Although the direct effects of these variables maintain their significance, their interaction with measurements of organisations' policy commitments is not only insignificant but actually explains less of the phenomenon (27.7% [Model 9] and 27.4% [Model 10]) than their interaction with top management support.

Models 8 and 11 show the interaction effects between SUPDEV and TOPMAN (Model 8) and between SUPDEV and SOCPC (Model 11). With insignificant relationships, the regression models lend no support to hypothesis 2e.

The full model is displayed in Model 12. The change in base model rests notably in the case of the procured product's socially impactful nature. This variable showed no significance in Model 1 but gained significance in Model 4 ($p=0.086$), which introduced the procurement department's two most significant intangible resources: the capability to monitor suppliers and the experience with international suppliers. This suggests that the procurement department is able to extend its SRP practice to a wider variety of products when it has greater degrees of experience with different suppliers and of capability to monitor them.

The most powerful and parsimonious of these models is Model 7, explaining 30.2% of organisations' systematic implementation of socially responsible procurement practice. This precedes the introduction of the interaction effect of supplier development initiatives (SUPDEV1), more on the role of which shall be said later.

Table 22: Regression models (Dependent variable: Socially responsible procurement)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	VIFs
<i>Base model</i>													
Organisational Size (SIZE)	0.128*** (0.025)	0.098*** (0.025)	0.083*** (0.025)	0.08*** (0.025)	0.08*** (0.025)	0.088*** (0.025)	0.089*** (0.025)	0.089*** (0.025)	0.085*** (0.025)	0.085*** (0.025)	0.085*** (0.025)	0.089*** (0.025)	1.30
Relationship Length (RELLEN)	-0.020 (0.051)	-0.039 (0.049)	-0.039 (0.049)	-0.045 (0.049)	-0.046 (0.049)	-0.065 (0.048)	-0.080* (0.049)	0.080* (0.049)	-0.055 (0.049)	-0.054 (0.049)	-0.055 (0.05)	-0.079 (0.05)	1.13
Product Importance (PROIMP)	0.173*** (0.053)	0.148*** (0.051)	0.154*** (0.050)	0.147*** (0.050)	0.143*** (0.050)	0.158*** (0.05)	0.141*** (0.050)	0.141*** (0.050)	0.147*** (0.050)	0.147*** (0.051)	0.148*** (0.051)	0.141*** (0.051)	1.23
Buyer Control (BUYCON)	0.140*** (0.050)	0.114** (0.048)	0.082* (0.049)	0.080* (0.049)	0.080* (0.049)	0.087* (0.048)	0.090* (0.048)	0.090* (0.048)	0.083* (0.049)	0.084* (0.049)	0.083* (0.049)	0.091* (0.049)	1.14
Socially Impactful Product (SIPRO)	0.234 (0.184)	0.210 (0.177)	0.274 (0.176)	0.302* (0.176)	0.299* (0.176)	0.342** (0.174)	0.344** (0.173)	0.343** (0.173)	0.317* (0.176)	0.319* (0.177)	0.314* (0.178)	0.347** (0.176)	1.12
Socially Impactful Product and Industry (SIPROIND)	0.880*** (0.151)	0.752*** (0.147)	0.781*** (0.145)	0.705*** (0.149)	0.688*** (0.149)	0.670*** (0.147)	0.668*** (0.147)	0.673*** (0.148)	0.681*** (0.149)	0.682*** (0.148)	0.677*** (0.151)	0.671*** (0.150)	1.23
Environmentally Impactful Product (EIPRO)	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmentally Impactful Product and Industry (EIPROIND)	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Measures of cultural support</i>													
Top Management Support (TOPMAN)		0.238*** (0.050)	0.234*** (0.050)	0.211*** (0.051)	0.195*** (0.053)	0.160*** (0.053)	0.142*** (0.054)	0.14*** (0.054)	0.197*** (0.053)	0.197*** (0.053)	0.199*** (0.053)	0.136*** (0.055)	1.48
Socially Responsible Policy Commitments (SOCPC)		0.084 (0.052)	0.053 (0.052)	0.054 (0.052)	0.049 (0.052)	0.057 (0.051)	0.061 (0.051)	0.6 (0.051)	0.048 (0.052)	0.046 (0.052)	0.047 (0.052)	0.63 (0.052)	1.30
Environmentally Responsible Policy Commitments (ENVPC)	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Measures of intangible resources</i>													
Monitoring Capability (MONIT)			0.172*** (0.055)	0.175*** (0.054)	0.157*** (0.057)	0.172*** (0.056)	0.168*** (0.056)	0.168*** (0.056)	0.157*** (0.057)	0.156*** (0.057)	0.158*** (0.058)	0.167*** (0.057)	1.34
Experience with International Suppliers (INTEX)				0.106** (0.050)	0.095* (0.051)	0.097* (0.050)	0.099** (0.050)	0.098** (0.051)	0.092* (0.051)	0.092* (0.051)	0.093* (0.051)	0.099** (0.050)	1.24
Supplier Development (SUPDEV)					0.06 (0.056)	0.054 (0.055)	0.071 (0.055)	0.071 (0.056)	0.06 (0.056)	0.06 (0.056)	0.061 (0.056)	0.069 (0.056)	1.51
<i>Moderating effects of intangible resources with top management support</i>													
TOPMAN x MONIT (MONIT1)						0.147*** (0.045)	0.146*** (0.045)	0.151*** (0.049)	-	-	-	0.158*** (0.054)	1.56
TOPMAN x INTEX (INTEX1)							0.138* (0.071)	0.144** (0.075)	-	-	-	0.138** (0.078)	1.30
TOPMAN x SUPDEV (SUPDEV1)								-0.012 (0.05)	-	-	-	0.001 (0.058)	1.86
<i>Moderating effects of intangible resources with policy commitments</i>													
SOCPC x MONIT (MONIT2)									0.052 (0.045)	0.051 (0.045)	0.045 (0.05)	-0.007 (0.053)	1.52
SOCPC x INTEX (INTEX2)										0.016 (0.075)	0.009 (0.077)	0.003 (0.078)	1.19
SOCPC x SUPDEV (SUPDEV2)											0.018 (0.055)	-0.024 (0.065)	1.98
ENVPC x MONIT (MONIT3)	-	-	-	-	-	-	-	-	-	-	-	-	-
ENVPC x INTEX (INTEX3)	-	-	-	-	-	-	-	-	-	-	-	-	-
ENVPC x SUPDEV (SUPDEV3)	-	-	-	-	-	-	-	-	-	-	-	-	-
r^2	0.197	0.266	0.287	0.297	0.299	0.322	0.329	0.329	0.302	0.302	0.303	0.33	0.329
Adjusted r^2	0.182	0.248	0.268	0.276	0.276	0.297	0.302	0.3	0.277	0.274	0.273	0.295	0.294
n	340	340	340	340	340	340	340	340	340	340	340	340	340
Dependent variable = Level of implementation of socially responsible procurement													
*p≤0.1; **p≤0.05; ***p≤0.01													
Coefficients displayed are non-standardised. The standard error is shown in parentheses below.													

6.4.2 Environmentally responsible procurement as the dependent variable

The base model of regressions using the measure of environmentally responsible procurement as the dependent variable is shown in Model 13 (Table 23**Error! Reference source not found.**). The effects of organisational size (SIZE); product importance (PROIMP); and the control the buying organisation has over its supplier's processes (BUYCON) are all significant. The length of the buyer-supplier relationship (RELLEN) does not have a significant influence. In contrast with the nature of the product and industry (measured above by SIPRO and SIPROIND), the environmental equivalents represented by EIPRO and EIPROIND respectively both do not have a significant bearing on the procurement department's environmentally responsible practice. Taking into account the number of variables in the base model, the base model explains just 4.6% of ERP implementation.

By adding the measures of top management and environmentally responsible policy commitments in Model 14, it is observed that, in contrast to SRP, the implementation of ERP is affected not only by top management support ($p=0.000$) but also simultaneously by the organisations' environmentally responsible policy commitments ($p=0.089$). This model lends support at this stage to hypotheses 1b and 1d, which posit the positive relationship between these different aspects of organisational culture and the procurement department's ERP implementation.

Three direct effects of the resources hypothesised to be used by procurement departments to implement the support organisations have for environmentally responsible procurement practice are introduced to the model to allow for any additional explanatory power they may hold, against which their interaction effects can be compared in later models (Models 18 to 24).

Of these direct effects, only the procurement department's capability to monitor their suppliers (MONIT) had a significant relationship with the dependent variable. MONIT maintains its significance ranging between $p=0.001$ and $p=0.006$ over the three models. Adding the degree of experience with international suppliers (INTEX) increases the model's explanatory power from 15.9% to 16% (Model 15 to Model 16). As was seen

in the case of SRP, SUPDEV adds no explanatory power to the model and has an insignificant relationship with the dependent variable.

Models 18 and 19 introduce the interaction effects of the procurement department's monitoring capability and international experience on top management support. These models mimic that which was seen in models 15 and 16, when the direct effects of the same variables were introduced to the model. In both models 18 and 19, the capability to monitor suppliers is a significant resource for procurement departments to implement the organisation's support for ERP practice ($p=0.010$ in both cases). This trend continues in models 21, 22 and 23 that display results for the interactions these resources have with organisational policy commitments. The continued significance of monitoring capability (MONIT1 and MONIT3) lends support to hypothesis 2b.

Up to Model 19, the degree of experience with international suppliers has not been significant. However, in Model 20, the experience procurement departments have with international suppliers is seen to significantly facilitate the implementation of top management's support for ERP implementation (INTEX1) at $p=0.095$. Model 23, which shows the interaction is between INTEX and the organisation's environmentally responsible policy commitments (INTEX3) shows no similarly significant relationship. These results lend partial support for hypothesis 2d.

Model 20 introduces supplier development initiatives as an interaction variable that facilitates top management's support for ERP implementation (SUPDEV1). Model 23 introduces this variable's interaction with the organisation's environmentally responsible policy commitments (SUPDEV3). Both models not only withhold support for hypothesis 2f but support the antithesis, which would posit that procurement departments engage in significantly less environmentally responsible procurement practice where their initiatives of developing their suppliers are more advanced.

The full model is displayed in Model 24. The significance of the base model has been almost completely overshadowed by that of the four most significant relationships in the model: TOPMAN; MONIT; MONIT1; and SUPDEV1. The variables retaining significance are organisational size (SIZE) and product importance (PROIMP). In contrast to the regressions where SRP was the dependent variable, the nature of the

product (EIPRO) and the industry from which it was procured (EIPROIND) never had a significant relationship of the practices of the procurement department.

In terms of explanatory power, however, Model 24 is not preferred. Although its explanatory power is similar, Model 20 is a more parsimonious explanation of organisations' systematic implementation of environmentally responsible procurement practice. This precludes the interactions the hypothesised resources have with policy commitments to implement ERP practice. The model also shows that the direct effects of the different facets of organisational culture in this study have an insignificant influence on the procurement department's implementation of ERP, if the department does not have relevant resource capabilities, such as monitoring practices and international experience.

Table 23: Regression models (Dependent variable: Environmentally responsible procurement)

	Model 13	Model 14	Model 15	Model 16	Model 17	Model 18	Model 19	Model 20	Model 21	Model 22	Model 23	Model 24	VIFs
<i>Base model</i>													
Organisational Size (SIZE)	0.069*** (0.021)	0.047** (0.021)	0.029 (0.021)	0.028 (0.021)	0.028 (0.021)	0.034 (0.021)	0.033 (0.021)	0.041** (0.021)	0.036* (0.022)	0.036* (0.021)	0.040* (0.02)	0.043** (0.021)	1.24
Relationship Length (RELLEN)	0.016 (0.045)	-0.001 (0.043)	-0.001 (0.042)	-0.003 (0.042)	-0.003 (0.042)	-0.017 (0.042)	-0.022* (0.043)	-0.021 (0.043)	-0.012 (0.042)	-0.013 (0.042)	-0.01 (0.042)	-0.025 (0.042)	1.12
Product Importance (PROIMP)	0.105** (0.045)	0.086** (0.044)	0.087** (0.043)	0.083* (0.043)	0.081* (0.043)	0.091** (0.043)	0.086** (0.044)	0.078* (0.043)	0.093** (0.044)	0.086** (0.044)	0.084** (0.044)	0.077* (0.043)	1.22
Buyer Control (BUYCON)	0.098** (0.044)	0.085** (0.043)	0.047 (0.043)	0.046 (0.043)	0.046 (0.043)	0.053 (0.042)	0.054 (0.042)	0.051 (0.042)	0.060 (0.043)	0.060 (0.043)	0.059 (0.043)	0.057 (0.042)	1.15
Socially Impactful Product (SIPRO)	-	-	-	-	-	-	-	-	-	-	-	-	-
Socially Impactful Product and Industry (SIPROIND)	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmentally Impactful Product (EIPRO)	-0.087 (0.129)	-0.071 (0.124)	-0.131 (0.122)	-0.127 (0.122)	-0.125 (0.122)	-0.129 (0.121)	-0.124 (0.122)	-0.094 (0.120)	-0.142 (0.122)	-0.143 (0.122)	-0.135 (0.122)	-0.095 (0.121)	1.07
Environmentally Impactful Product and Industry (EIPROIND)	-0.046 (0.144)	-0.024 (0.139)	-0.034 (0.136)	-0.048 (0.136)	-0.043 (0.137)	-0.050 (0.136)	-0.063 (0.137)	-0.058 (0.135)	-0.086 (0.137)	-0.087 (0.137)	-0.099 (0.137)	-0.057 (0.129)	1.14
<i>Measures of cultural support</i>													
Top Management Support (TOPMAN)		0.161*** (0.056)	0.164*** (0.054)	0.144*** (0.056)	0.139*** (0.057)	0.104* (0.058)	0.097* (0.059)	0.095* (0.058)	0.145** (0.057)	0.148** (0.057)	0.150*** (0.057)	0.104* (0.061*)	2.42
Socially Responsible Policy Commitments (SOCPC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmentally Responsible Policy Commitments (ENVPC)		0.096* (0.056)	0.072 (0.055)	0.083 (0.056)	0.080 (0.056)	0.099* (0.056)	0.1* (0.056)	0.063 (0.057)	0.059 (0.057)	0.058 (0.057)	0.026 (0.6)	0.059 (0.062)	2.50
<i>Measures of intangible resources</i>													
Monitoring Capability (MONIT)			0.183*** (0.047)	0.183*** (0.047)	0.176*** (0.049)	0.186*** (0.049)	0.184*** (0.049)	0.185*** (0.048)	0.192*** (0.049)	0.19*** (0.05)	0.188*** (0.049)	0.193*** (0.049)	1.33
Experience with International Suppliers (INTEX)				0.052 (0.043)	0.047 (0.044)	0.049 (0.044)	0.050 (0.044)	0.039 (0.043)	0.043 (0.044)	0.043 (0.044)	0.037 (0.044)	0.036 (0.044)	1.23
Supplier Development (SUPDEV)					0.023 (0.048)	0.018 (0.048)	0.023 (0.049)	0.019 (0.048)	0.023 (0.048)	0.026 (0.049)	0.02 (0.049)	0.028 (0.048)	1.54
<i>Moderating effects of intangible resources with top management support</i>													
TOPMAN x MONIT (MONIT1)						0.103*** (0.04)	0.103*** (0.04)	0.152*** (0.042)	-	-	-	0.134* (0.059)	2.55
TOPMAN x INTEX (INTEX1)							0.048 (0.063)	0.2* (0.066)	-	-	-	0.146* (0.083)	1.99
TOPMAN x SUPDEV (SUPDEV1)								-0.135*** (0.044)	-	-	-	0.205*** (0.07)	3.57
<i>Moderating effects of intangible resources with policy commitments</i>													
SOCPC x MONIT (MONIT2)	-	-	-	-	-	-	-	-	-	-	-	-	-
SOCPC x INTEX (INTEX2)	-	-	-	-	-	-	-	-	-	-	-	-	-
SOCPC x SUPDEV (SUPDEV2)	-	-	-	-	-	-	-	-	-	-	-	-	-
ENVPC x MONIT (MONIT3)									0.099** (0.041)	0.099** (0.041)	0.126*** (0.044)	0.034 (0.060)	2.61
ENVPC x INTEX (INTEX3)									0.022 (0.064)	0.062 (0.068)	-0.041 (0.085)	-	1.97
ENVPC x SUPDEV (SUPDEV3)											-0.063** (0.037)	0.074 (0.059)	3.80
r^2	0.063	0.143	0.181	0.185	0.185	0.202	0.203	0.226	0.209	0.209	0.207	0.232	
Adjusted r^2	0.046	0.122	0.159	0.16	0.158	0.173	0.171	0.192	0.175	0.168	0.173	0.192	
n	340	340	340	340	340	340	340	340	340	340	340	340	
Dependent variable = Level of implementation of environmentally responsible procurement													
*p≤0.1; **p≤0.05; ***p≤0.01													
Coefficients displayed are non-standardised. The standard error is shown in parentheses below.													

6.4.3 Summary

Table 24 provides a summary of these findings and concludes the presentation of the findings of this study. The next section shall explore some theoretical explanations for these findings.

Table 24: Findings summary

<p><u><i>Findings Summary</i></u></p> <p><i>Socially Responsible Procurement</i></p> <ol style="list-style-type: none">1. Top management must explicitly show support for SRP within the procurement department.2. Formal policies are not as effective as the behaviour of top management.3. The capability to monitor suppliers' practices is essential in SRP policy implementation.4. Experience with foreign suppliers helps procurement managers engage in SRP in both international and domestic contexts.5. The supplier development processes organisations have in place do not influence SRP implementation.6. Monitoring capability and international experience consistently help procurement managers incorporate top management support for SRP into their daily activity. <p><i>Environmentally Responsible Procurement</i></p> <ol style="list-style-type: none">1. Capabilities are more important than top management support in the context of ERP implementation.2. Procurement departments draw upon their ability to monitor suppliers more significantly than other resources.3. The ability to monitor suppliers is essential for top management support, whether displayed through behaviour or as policy, to be put into practice.4. The implementation of supplier development initiatives deters procurement departments from engaging in ERP with those suppliers.
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6.5 Discussion

This section discusses the findings of this chapter in relation to the literature.

6.5.1 Introduction

The focus of most scholars in the field of SERP has centred on how organisations respond to stakeholder pressure to take more responsibility for social and environmental issues in their supply chain (Amaeshi *et al.*, 2008). There are numerous categories of organisational response that include reacting with the minimum level of implementation to retain the *legal* licence to operate (Cairncross, 1992; Livingstone and Sparks, 1994; Peattie and Ringler, 1997; Min and Galle, 1997; Handfield *et al.*, 1997) and the licence to operate awarded for *socially acceptable* business practice (Green *et al.*, 1996; Arora and Cason, 1996; Swanson, 1998; Carter and Carter, 1998; Zink, 2005; Walker *et al.*, 2008). Beyond actions resulting from these motivations, organisations are seen to respond in the main with ‘top-level’ changes, *i.e.* the introduction of codes of conduct (Boyd *et al.*, 2007; Pedersen and Andersen, 2006; Roberts, 2003; Kolk and van Tulder, 2002) and other policy-level documents to respond to stakeholder pressure (*e.g.* Nawrocka, 2009, 2008; Beske *et al.*, 2008; Castka and Balzarova, 2008).

In response to scholars articulating some doubt about the effectiveness of these policies (Lindgreen and Swaen, 2010; Lindgreen *et al.*, 2009b; Boyd *et al.*, 2007; Welford and Frost, 2006; Sitkin and Roth, 1993), this study has asked if the intangible resources already present within organisations can be used in the transition between *support* for SERP and its implementation and, if so, which resources do organisations use to implement the support for SERP?

In posing these questions, the study makes two important contributions to the literature and to this thesis. Firstly, it furthers our understanding of what ‘implementation’ means as shaped by previous studies (Zhu *et al.*, 2007, 2008; González-Benito and González-Benito, 2006; Bowen, 2001) by not only separating it from the formation of policy, but also recognising policy as an indicator of the support to engage in SERP and focussing rather on the actions undertaken in the procurement department as the indicator of the level of implementation. Secondly, it focuses on the role of intangible resources on this

phenomenon, oft neglected by scholars in this field (*but see* Carter, 2005 and Preuss, 2001).

In discussion of the results, this section shall first highlight the key learning outcomes from this study. It shall then discuss the implication for both organisational theory and managerial practice of each key point. It will conclude by outlining the limitations of the study and avenues for further research.

6.5.2 The role of support in SERP

An organisation's support for SERP was observed through different facets of its culture: informal and formal manifestations. Both were measured through what was exposed to the procurement department. The informal artifacts (Schein, 2004) were reported by the procurement department's measurement of how supportive top management's behaviour and attitudes are of SERP practice. The formal artifacts (*ibid.*) of the same culture were observed through the procurement department's report of how salient socially and environmentally responsible policy commitments are in the organisation. The findings raise two questions with regard to the role of support:

1. Why are informal manifestations of support more influential than formal ones?
2. Why is an organisation's support not as important in the context of ERP as it is in that of SRP?

6.5.2.1 Why are informal manifestations of top management support more influential than formal ones?

The SERP literature has maintained that support from top management (Carter and Ellram, 1998; Min and Galle, 1997) and middle management (Bowen, 2001b; Cooper *et al.*, 2000) are essential for the continued emphasis on SERP practices. Cooper *et al.* (1997) found that procurement managers relied on two different types of support to engage in SERP practice: 1) personal attributes, such as personal values and; 2) the intra-organisational environment, aspects such as the presence of a company policy (formal artifacts of the organisation's culture).

Artifacts such as ‘policy’ (Carter, 2000) serve a dual purpose. They communicate the will of senior management (Sims, 1991) and, in so doing, limit the number of behavioural choices available to employees (Ammeter *et al.*, 2002). Secondly, they contribute to the employees’ feeling of being supported (Adams *et al.*, 2001; cf. Sims, 1991) as well as to ‘a sense of common purpose’ as a precursor for the intra-organisational legitimacy of ethical practices (Pava and Krausz, 1997).

Nonetheless, the data emphasise the role of *informal* top management support. Where certain organisations may use policies as a short term response to external stakeholder pressure (Mitchell *et al.*, 1997; Oliver, 1991), policies are, from the perspective of organisational culture (Schein, 2004), a physical artifact of the deeper espoused values (*or* support) of the organisation. In both cases, SERP policy, without a foundation in what top managers believe to be right for the organisation, remains policy. As shall be seen in subsequent chapters, if top management does not espouse the same values to the extent that it affects their behaviour, the momentum needed to implement the policy is likely to be lost.

It has been seen in the literature that top management has the institutionalised authority to provoke a reaction that goes beyond the transactional relationship between management and employees (Carson and Perrewe, 2002; Blau, 1964). Moreover, top management’s authority over resource allocation and prioritisation of other related activities in the organisation’s strategy highlights the importance of the alignment between SERP and top management’s espoused values (Salam, 2009; Carter and Jennings, 2004; Bowen, 2001a). The continued allocation of necessary resources has also been seen to depend on the continued support of top management (Carter and Ellram, 1998; Min and Galle, 1997). In the context of the current study, this ‘allocation of resources’ relates to the time, visibility, importance and other support top management gives to the development of the mechanisms that enable the procurement department to engage in SERP (cf. Barney, 1991).

6.5.2.2 Why is top management support not as important for ERP as it is for SRP?

From the data, it seems that such support is not as important for the implementation of environmentally responsible procurement (ERP) as it is for socially responsible

procurement (SRP). The proposed explanation for this result is rooted in the institutionalised behaviour toward environmental practices. Briefly, institutional theory began by explaining the repeated actions between individuals (Berger and Luckmann, 1967) and moved on to explaining the mechanisms through which organisations sought legitimacy in their ‘institutional’ environment by justifying their current actions (Suchman, 1995; Scott, 2001, 2008a&b) as well as their adoption of new ones (DiMaggio and Powell, 1983). The majority of recent research that adopts this theoretical lens neglects the theory’s roots by focussing in the main on macro rather than micro levels of analysis (*e.g.* Argenti, 2004; Prasad *et al.*, 2004; Spar and Mure, 2003).

At the more dominant macro level of analysis, many empirical examples can be seen of how organisations have been under some considerable pressure to engage with the environmental agenda. Apart from the body of consumers, organisations have come under normative institutional pressures (DiMaggio and Powell, 1983) by other large, commercial businesses engaging in SERP initiatives, national governments and inter-governmental organisations. An example of this is the British government’s establishment of the ‘Sustainable Procurement Task Force’, in May of 2005, chaired by the former Chair of Carillion Plc., with working groups led by organisations such as BT Plc. and KPMG (working groups on supplier engagement and accountability respectively). Subsequent government initiatives have continued the Task Force’s institutional role, such as Envirowise, the Carbon Trust and the Waste & Resources Action Programme (or WRAP). The UN Global Compact also has a growing influence in this regard.

Industry and professional associations have been a source of similar pressure. For example, the UK Cleaning Products Industry Association (UKCPI), the Chartered Institute of Purchasing and Supply and Water UK all provide significant normative pressure (*ibid.*) for procurement professionals in the UK to engage in SERP activity. Industry standards have been regarded in the literature as a source of competitive advantage (Martincus *et al.*, 2010), which can result in mimetic behaviour within industries (Castka and Balzarova, 2008; Chen, 2005; DiMaggio and Powell, 1983). In the context of SERP, the BS 8903 industry standard was launched by the British

Standards Institution in the summer of 2010 to certify the efforts an organisation makes in terms of its sustainable procurement strategy implementation. As the only standard of its kind in the world, the adoption of BS 8903 is likely to be a source of indispensable legitimacy and thus mimetic behaviour (*ibid.*) for many organisations.

These stakeholders and the institutional pressure they exert on organisations to change their behaviour have revolved in the main around environmental issues. Although their impetus to do this may revolve around the relatively higher degree of ‘measurability’ of environmental issues in comparison to social issues, the impetus within procurement departments to do the same, according to institutional theory, is to gain legitimacy and, in this case, by mimicking the focus of major institutions on environmental issues (*ibid.*). Needless to say that the quantitative approach to environmental issues also appeals to organisations that wish to track improvements and report them in order to increase their legitimacy through effective stakeholder management.

6.5.3 The role of organisational and human resources in SERP implementation

An organisation’s capability to implement SERP was observed through different organisational and human resources under the focal organisation’s control (Barney, 1991). These were the purchasing department’s capability to monitor the supplier’s processes; the department’s experience of procuring from suppliers outside of the United Kingdom; and the degree to which the buying organisation develops. The findings raise three questions with regard to the role of capabilities:

1. Why is the procurement department’s capability to monitor their suppliers’ practices so important?
2. Why is the amount of experience with foreign suppliers important in the context of SRP and not ERP?
3. Why does a procurement department’s effort to develop its suppliers have no relationship with its implementation of SRP and actively work against the implementation of ERP?

6.5.3.1 Why is the procurement department's capability to monitor their suppliers' practices so important?

In the wider supply chain management literature, monitoring has been seen to be a mechanism that improves the buyer-supplier relationship through the reduction of information asymmetry (Müller and Gaudig, 2011), the continuous improvement of quality in supplier plants (Das, 2011) and the reduction of the risk in the focal firm's supply base (Blackhurst *et al.*, 2008).

Schools of thought in the SERP literature have not been so clear on the use of monitoring in the context of transmitting CSR up the supply chain. Preuss (2009) notes that monitoring is the mechanism most often used by organisations in the UK to implement their ethical sourcing codes. De Bakker and Nijhof (2002) also conceptually identify, *inter alia*, the importance of an organisation's capability to monitor as important for SERP implementation. These scholars are contrasted with the conclusions drawn by scholars, such as Lim and Phillips (2008) who advocate the use of collaborative partnerships, in order to reduce the risk taken by the supplier and thus facilitate CSR standard improvement having moved away from the market model. Egels-Zandén (2007) exposes the inadequacy of monitoring systems falling foul to supplier deception and Locke *et al.* (2007) state that monitoring needs to be supplemented by more systematic interventions following their study in 2006 of Nike's supply base that showed that monitoring only improved performance in the minority of suppliers (*ibid.*).

The construct 'Monitoring' in the current survey constitutes items that measure the "supervisory actions that the buyer undertakes to ensure supplier performance during the execution of the exchange agreement" (Noordewier *et al.*, 1990: 84). This construct is not intended to measure a mechanism beyond the commercial action of economic risk mitigation (Blackhurst *et al.*, 2008). This is to say that it is not measuring a separate mechanism created to monitor supplier engagement in CSR *per se*. It measures the degree to which the focal organisation has in place a mechanism through which it is able to monitor its suppliers' practices affecting the traditionally core aspects of supplier performance: price, quality, reliability, flexibility and service and delivery speed (Fitzsimmons *et al.*, 1991). Given the role of this construct, it is shown through the data

that the capability present within the procurement department to monitor suppliers' activities that affect the economic bottom line (Elkington, 1997) can also serve as a tool used by procurement managers to communicate the focal firm's intent with regard to CSR in the supply chain. By taking the higher value of the monitoring construct for each organisation, it is reasonably assumed that the procurement department holds the capability to monitor the rest of its supply base to an equal degree if needed or supported by top management. Organisations therefore need not allocate supplementary resources to implement codes of conduct or other SERP policies, and related monitoring processes. Rather, they ought to ensure that the current supplier monitoring mechanism includes the aspects of CSR deemed appropriate for the focal organisation/product category in question.

6.5.3.2 Why is the amount of experience with foreign suppliers important in the context of SRP and not ERP?

To approach the explanation proposed for the relative importance of international procurement experience as a resource to implement socially responsible procurement as opposed to environmentally responsible procurement, it is first necessary to consider the prevalence of social and environmental issues in the supply chain abroad. Recognising the differences between the institutional contexts, in which the survey's focal firms and their suppliers operate, it will become apparent that the experience the procurement department has with such suppliers is an indispensable tool to communicate SERP up the supply chain and to instigate more responsible behaviour and attitudes in the supply base.

In the face of corporate codes of conduct and ethics, reports of socially irresponsible acts in the supply chain have continued to emerge thus vindicating the concerns of policy effectiveness expressed by, for example, Lindgreen and Swaen (2010), Lindgreen *et al.* (2009b), Boyd *et al.* (2007), and Welford and Frost (2006). Apple Inc., for example, reported in its 2010 Supplier Responsibility Report that it had found evidence of record falsification and underage labour in its supply chain (Apple Inc., 2010). Their report focuses on their relationship with suppliers located primarily in developing economies, such as Malaysia, Taiwan and mainland China. Lim and Phillips' (2008) study of Nike's supply chain highlighted social issues in other

emerging economies: Indonesia, Thailand and Vietnam (*see also* Locke *et al.*, 2007). Smith and Crawford (2006) reported on human rights controversies in Wal-Mart's suppliers in emerging economies, including instances where employees were beaten for not achieving production targets. The concern here is the differences in national institutions with regard to the treatment of employees, *i.e.* what is acceptable (or legitimate) compared to the institutional framework of the UK.

International standards help purchasing organisations overcome national institutional differences (Martincus *et al.*, 2010), acting as an institution that transcends national and therefore cultural boundaries. ISO 14001, the international environmental standard, has been adopted in over 155 countries by approximately 200,000 businesses (ISO, 2011). Social standards, *e.g.* SA 8000, are not as widely spread, with representation in only 65 countries at the end of 2010 (SAAS, 2010), many of which are the same countries participating in ISO 26000 (the social equivalent of ISO 14001) with 83 subscribing nations (ISO, 2011).

That social standards are not as readily accepted as environmental standards poses an obstacle for those purchasing organisations attempting to implement SRP, as institutional frameworks abroad often do not support it. The tool such organisations have is the code of conduct/ethics (Preuss, 2009), the implementation of which in non-supportive institutional contexts requires knowledge of foreign cultures (Johnson *et al.*, 2006), of local languages (Welch and Welch, 2008) and of local institutional frameworks, within which suppliers operate (Eriksson *et al.*, 1997) – *ergo* experience with international suppliers.

6.5.3.3 Why does a procurement department's effort to develop its suppliers have no relationship with its implementation of SRP and actively work against the implementation of ERP?

The study also found that a procurement department's supplier development efforts have no relationship with its implementation of SRP and actively work against the implementation of ERP.

In much the same way as the items measuring the organisations' monitoring systems were used to observe the "supervisory actions that the buyer undertakes to ensure supplier performance during the execution of the exchange agreement" (Noordewier *et al.*, 1990: 84), the items pertaining to supplier development measure the activities that are already established. Supplier development, however, differs from monitoring, in that the latter takes the form of tools and automated systems, where the investment lies in their development rather than use. Supplier development entails action taken by individual actors in the buying organisation and entails investment in both development and use. In this light, supplier development represents an area of high investment for the buying organisation (Simpson *et al.*, 2007) and has therefore been used to improve the supplier relationship's contribution to the buying organisation's financial performance (Carr and Pearson, 2002; McGinnis and Vallopra, 1999). The construct, therefore, may have no relation to SRP due to the higher (though still low) propensity for organisations to prioritise ERP over SRP, given ERP's institutionalised nature discussed earlier.

Further to the lack of relationship with SRP, the data suggest a significantly negative relationship with ERP. Although developing suppliers may lead to some advantages, such as reduction of information asymmetry (Müller and Gaudig, 2011) and improved supplier performance (MacDuffie and Helper, 1997), the level of risk from the investment in developing its suppliers (Krause *et al.*, 2007; Wynstra *et al.*, 2001; Hoegl and Wagner, 2005) and concentration on financial aspects of the relationship (Carr and Pearson, 2002; McGinnis and Vallopra, 1999) may overshadow the implementation of non-mandated policies of a financially dubious nature (Alexander and Buchholz, 1978; Abbott and Monsen, 1979; Aupperle *et al.*, 1985), thus leading organisations to prioritise financial concerns and return on their investment made to develop suppliers (Simpson *et al.*, 2007; Pedersen and Andersen, 2006).

6.5.4 Limitations and future research opportunities

This section presents the limitations of the study and where scholars can further develop theory and the literature.

6.5.4.1 Limitations

The score for the internal validity of a factored construct is commonly accepted in the literature to be equal to or above 0.6 (Fornell and Larcker, 1981). The organisations' socially responsible policy commitments (SOCPC) was measured using items from Maignan and Ferrell (2000) and represents the first limitation of this study. The factor's poor internal validity (or *alpha*) score is 0.466. The study was limited further by the onset of the economic crisis in 2008. The most notable limitation caused by the timing of the study is the response rate of 6.2% that would otherwise have been higher.

6.5.4.2 Future research opportunities

The most immediate opportunity for further research is the curious result of the mediating effect of supplier development on the relationship between top management support and SERP implementation. It is important to recall the theoretical construct underlying these items: sophisticated supply chain processes. Further research into this field could explore both the nature of supplier development in the context of SERP implementation and whether the items factored and labelled as 'supplier development' are an accurate empirical representation of this theoretical construct. It must be considered in this regard that 'supplier development' constructs have been used to argue that the activity is important to maintain or improve an organisation's financial performance (Carr and Pearson, 2002; McGinnis and Vallopra, 1999). Moreover, supplier development constructs have been used to reveal its importance in the buying firm's efforts to improve supplier performance in terms of quality, order cycle duration and delivery time (Lee *et al.*, 2009; Krause, 1999; MacDuffie and Helper, 1997; *see also* Carter and Narasimhan, 2000).

To take the material differentiationist perspective on organisational culture further, scholars may also in the future add items measuring the support for SERP in the procurement department and explore their interaction effect, as posited in the conceptual development (*see* Chapter 3). This would undoubtedly require a higher degree of access (cf. Carter, 2005) and may be incorporated as part of a case study.

Additionally, and in response to Locke *et al.* (2007), further research would be useful to address the root cause of non-compliance. Intuitively, this 'root cause' may seem to be located outside of the boundaries of the focal organisation, as scholars often speak of

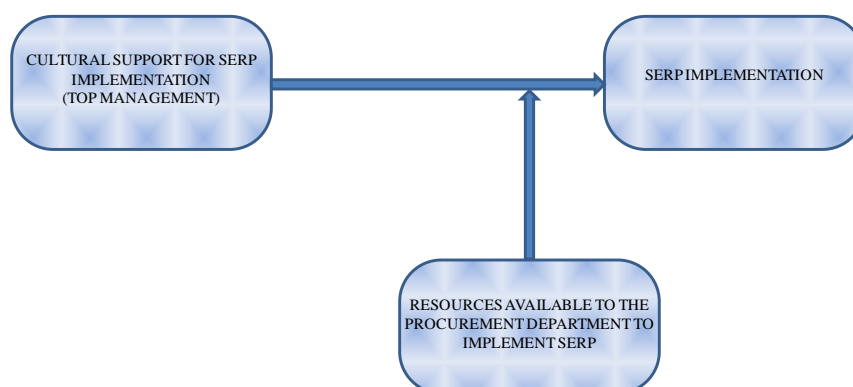
the suppliers' compliance with codes of conduct (Mamic, 2005; Roberts, 2003). This represents an important contribution to the literature as very few studies approach SERP from the suppliers' perspective. However, there may lie, also within the buying organisation, causes of procurement managers' 'non-compliance'.

6.5.5 Conclusion

This chapter built on the problem of the discrepancy between policy (what companies want to or say they do) and practice (what they actually do), revealed in Chapter 5. Combining the theories of organisational subcultures (Schein, 2004; Martin, 2002) and the resource-based view of the firm (Barney, 1991) (Figure 28), this chapter sought to contribute to the SERP literature by exploring the role of organisational and human resources (Barney, 1991) in turning a culture that supports SERP into action. It drew upon data from 340 buyer-supplier relationships in businesses operating in the United Kingdom to test the following theoretical model.

The model recognises the informal (hypotheses 1a-b) and formal (hypotheses 1c-d) nature of organisational culture. The former was tested by examining the influence of the procurement department's perception of top management's support for SERP on the dependent variable.

Figure 28: Conceptual framework repeated



The latter focussed on the influence of the procurement department's perception of formalised policy. Combined with theoretical explanations, the data revealed that:

- 1 Informal aspects of top management support are important to maintain the saliency of formal, written policy.
- 2 The institutionalised nature of environmentally responsible procurement (ERP) may replace top management support.

The mediating effects of three intangible resources were introduced to the model: monitoring capability, experience with international suppliers and supplier development activities. Each of these were hypothesised to be resources that the procurement department could use to put into practice the actions supported by top management. Combined with theoretical explanation, the tests of these mediating effects revealed that:

- 3 Monitoring systems that are already established are an important resource for SERP implementation.
- 4 Organisations with more international experience are more likely to engage to socially responsible procurement (SRP), as SRP is a more salient issue than ERP in international contexts.
- 5 The institutionalised nature of ERP may remove SRP from a buying organisation's priority in supplier development initiatives and the high levels of risk and investment in these initiatives may prevent the implementation of non-mandated policies that have an uncertain contribution to financial performance.

Most notably, the discussion of the role of supplier development provokes the suggestion of future research into its nature in the context of SERP implementation and whether the items factored and labelled as 'supplier development' are an accurate empirical representation of the theoretical construct: sophisticated supply chain processes.

This suggestion for future research is part of the impetus for the following three chapters that are founded on case studies of a domestic hardware retailer (Case Alpha) and of a multinational tobacco manufacturing business (Case Beta).

7. Implementing SERP: The Case of a Domestic Hardware Retailer

7.1 Introduction

The preceding empirical chapters have examined the nature of SERP implementation within buying organisations in the United Kingdom. Drawing on quantitative data from 340 buyer-supplier relationships, they revealed a variety of interactions between the level of support an organisation shows for SERP and the degree to which the sampled organisations translate this support into action. In Chapter 5, it was observed that organisations do support SERP – with all results in this regard lying above the mid-point – and that this support increases in line with the organisation’s size. It was also learnt that all levels of SERP implementation lie *below* the mid-point and that the level of implementation also rises in line with the size of the organisation. Combining support and SERP implementation, the proportion of support for SERP fulfilled by SERP implementation on the part of the procurement department was calculated and revealed three important aspects of the data:

1. In the main, support for ERP is more fulfilled than that for SRP.
2. In international contexts, support for SRP is much more fulfilled than that for ERP in relationships with suppliers in emerging economies.
3. Top management support displayed informally receives a better response than formal support.

Indeed, the regression analysis found that environmentally responsible procurement (ERP) is less reliant on top management support than its social counterpart (SRP). The chapter’s findings also support Carter *et al.* (1999) and Cooper *et al.* (1997), who place the emphasis on top managers’ behaviour rather than on formalised policy. In line with theory developed in Chapter 3 and that of Barney (1991), Chapter 6 introduced organisational resources that the procurement department could use to further its implementation of SERP: international experience (i.e. experience with suppliers outside of the United Kingdom) (Frenkel, 2001; Tadepalli, 1999); monitoring capability (Pedersen and Andersen, 2006); and supplier development activities (Lee *et al.*, 2009).

It was found that an organisation's capability to monitor its suppliers is essential for SERP implementation and that international experience played a more influential role in the implementation of SRP than of ERP. Findings pertaining to supplier development gave impetus for further exploration and discussion in the following case studies.

The case studies, of which the findings are presented in this and the following chapter, aim to provide nuance to the findings of Chapters 5 and 6 as well as their theoretical explanations. The cases are open to finding supporting or contradictory evidence and respond to Yin's (2009: 63) assertion that the "main investigation may rely on a survey or other quantitative techniques, and [the] case study may help to investigate the conditions within [...] the entities being surveyed".

Before exploring how the case studies fulfil this remit, it is useful to recall the larger remit of the thesis that is to respond to the following research question:

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

In light of this research question and the theoretical perspective adopted that recognises cultural division between organisational subgroups of top management and the procurement department, the case study proceeds on the basis of the following three research questions:

1. How do the bodies of top management in the case organisations show support for SERP implementation?
2. How do subcultural differences affect SERP implementation in the case organisations?
3. How are intangible resources used to implement SERP in the case organisations?

It is recognised in the third research question that such resources must be accessible to or owned by the procurement department, so that it is an aid to the department's efforts to respond to top management support and to thus implement SERP (Côté *et al.*, 2008; Carter and Rogers, 2008; Carter *et al.*, 1999).

The characteristics of target cases in light of the research question are, first and foremost, the organisations' high dependent variable scores in the preceding quantitative study. Both organisations are in different industries and thus represent reactions to different institutional forces. This variability increases the reliability of the empirical regularities found to facilitate engagement in SERP activity in different industries (Andersen and Skjoett-Larsen, 2004). Larger organisations are targeted after Min and Galle's (2001) finding that organisational size is a significant explanatory variable for engagement in SERP activity. As recognised in the quantitative study and other studies of the SERP literature, firm size has been seen to significantly influence the degree of engagement in socially and environmentally related practices (Zhu *et al.*, 2008; Lee and Klassen, 2008; Carter and Jennings, 2004). Furthermore, organisational size has been found to be an influential factor in access to physical resources (Brammer and Millington, 2006; Penrose, 1959) that may be used for SERP implementation (Bowen *et al.*, 2002).

The findings provided for each question are the result of data sources analysed using Miles and Huberman's (1994) role-ordered matrix (Table 26). This matrix was chosen to allow the data sourced at different levels within the organisation to be differentiated at different levels of analysis (cf. theoretical development of organisational subcultures in Chapter 4). The matrix used for each case is presented using summaries of each category provided by the author for ease of use (Miles and Huberman, 1994). Quotations and other data supporting data sources leading to these summaries are included in the content of each case and the appendix. Pratt (2009) expresses a concern that this structure of presenting case study analysis around the research questions can remain too descriptive with little discussion of the theoretical conversations, to which the study contributes, or indeed, contradicts. The findings of both cases are therefore contrasted and discussed in relation to the literature in Chapter 9 that elucidates how these findings play a role in the development of our understanding of organisational theory.

7.1.1 Case context

Alpha is a large domestic hardware and home improvement retailer with a reported profit in 2011 of £238m. The organisation is part of a group that specialises in this industry. In the UK, Alpha employs more than 30,000 people across its head office and 350 branches. The organisation puts most emphasis on its social and environmental efforts with regard to sourcing timber from responsibly-managed sources; Alpha readily advertises that 95% of the timber it sold in 2009 originates from such sources.

7.1.2 Structure

Before approaching the research questions that form the basis of data presentation in this chapter, a reminder of the methods used to collect data is provided. A more detailed treatment of these methods can be found in Chapter 4. Beyond this, the chapter is structured using the research questions detailed above. The chapter first presents the findings pertaining to how the case organisations show support for SERP. This is followed by a section responding to the enquiry of the subcultural differences that may affect SERP implementation. The chapter's findings continue with the presentation of the roles played by organisational and human resources to implement SERP. A summary of the findings concludes the chapter and serves as a starting block for the cross-case comparison in Chapter 9.

7.2 Methods

This section recalls the methods used in the case study. See Section 4.6.4 for a more detailed treatment.

Data collection was carried out primarily by semi-structured interview, contact notes and documentation, which was sought at every interview and websites to triangulate the findings of the interview responses. In response to the overarching research question, the data collection method focussed on identifying the facilitating and hindering connections between intra-organisational cultural support and mechanisms, and top management's support for the procurement department to engage in SERP activity.

Table 25: List of participants in Case Alpha

<i>Known as</i>	<i>Role</i>	<i>Years in the organisation</i>	<i>Length of interview (in minutes)</i>
CSR1	CSR Manager	9	80
CSR2	Head of CSR Department	2	60
CSR3	CSR Manager	4	60
QUAL1	Quality Assurance Audit Manager	24	75
QUAL2	Quality Assurance Manager	6	45
PM1	Procurement Manager	6	55

Interviewees, a reminder of which can be found above in Table 25, were accessed through the researcher's main contact: a member of the CSR management team (referred to as CSR1), who also provided most of the documentation. In the same way as the quantitative study, interviews were conducted with staff self-identified as knowledgeable about the path the organisation takes to engage with SERP activities. These were a procurement manager (PM1); the Head of Corporate Social Responsibility (CSR2); two members of the corporate social responsibility management team (CSR1 and CSR3); the Quality Assurance Audit Manager (QUAL1); and a member of his quality assurance team (QUAL2). The latter two were a result of the snowballing technique and were identified to play a role in the organisation's SERP activity in one preceding interview (*see* Drumwright [1994] for a more detailed treatment of identifying influential roles through the interviewing process).

Transcriptions and contact notes were used to develop the role-ordered matrix in Table 26. Both were produced as soon after the interview as possible (Miles and Huberman, 1994). An example of these contact notes can be found in the appendix.

The following section presents the findings for the first research question.

7.3 Findings

This section presents the findings of the investigation into the implementation of SERP in Case Alpha.

Table 26: Role ordered matrix for Case Alpha

Research question → Participant ↓	How does Alpha show support for SERP?	How do subcultural differences affect SERP implementation in Alpha?	How are intangible resources used to implement SERP in Alpha?
CSR Manager (CSR1)	<ol style="list-style-type: none"> 1. Critical nature of top management support 2. Leadership from top management made evident through behaviour 3. Responding to reputation risk and consumer pressure 4. Top management ratifies the policy developed by the CSR department. 	<ol style="list-style-type: none"> 1. Different attitudes to ethical management 2. Institutionalised behaviour in the procurement department 3. Inter-departmental conflict resolution 4. Necessity to "sell" SERP in a certain way to match top management values 	<ol style="list-style-type: none"> 1. Institutionalised authority used to ratify SERP initiatives and allocate resources 2. Lack of consistent training practices 3. Concentration on social issues in international supplier relationships 4. CSR department's role as internal policy compliance monitor 5. Working with suppliers to maintain transparency 6. CSR department's expertise seen as a 'business partner' - top management rely on policy developed by the CSR department
Procurement Manager (PM1)	<ol style="list-style-type: none"> 1. No visibility of Alpha's strategy and direction regarding SERP 2. No incentives to engage in SERP 3. Policies from the CSR department have top management endorsement 	<ol style="list-style-type: none"> 1. Sophisticated IT systems that limit the behaviour of procurement managers 2. Procurement department just abides by policy 	<ol style="list-style-type: none"> 1. High degree of experience in procurement among procurement managers 2. Sophisticated IT systems that limit the behaviour of procurement managers 3. Inter-departmental communication 4. Authority of one department to enforce SERP policy 5. High degree of communication from CSR department facilitates buy-in 6. Limited training 7. Ineffective appraisals as it does not affect financial compensation
Head of CSR Department (CSR2)	<ol style="list-style-type: none"> 1. Responding to reputational risk and consumer pressure 2. SERP prioritised based on product importance 3. Ideological commitment from top management 	<ol style="list-style-type: none"> 1. Piecemeal emotional reaction from some departments 	<ol style="list-style-type: none"> 1. Learning from third parties to shape the business' approach to SERP 2. CSR department without the ability to mandate, as it is not a commercial part of the business 3. Feeling of poor integration with other departments 4. Inter-departmental communication, particularly during policy review every six months 5. CSR department is sometimes seen as a business partner to make recommendations but ends up doing more 6. Lack of human resources in CSR department 7. Use of established supplier management system (QUEST) 8. Supplier engagement more important than imposing mandates
CSR Manager (CSR3)	<ol style="list-style-type: none"> 1. The decision to stop selling a product based on its environmental impact 2. Corporate ethos that sometimes takes precedence over financial decisions 3. Responding to reputational risk and consumer pressure 	<ol style="list-style-type: none"> 1. Institutionalised behaviour in the procurement department 2. Necessity to "sell" SERP in a certain way to match top management values 	<ol style="list-style-type: none"> 1. External and internal stakeholder engagement in SERP policy development 2. Audit trail back to top management ratification of SERP policy 3. Specific communication to buyers, whose actions may be affected by changes in SERP policy 4. Inter-departmental communication channels 5. Authority of one department to enforce SERP policy

Table 26: *Role-ordered matrix for Case Alpha continued*

Research question → Participant ↓	How does Alpha show support for SERP?	How do subcultural differences affect SERP implementation in Alpha?	How are intangible resources used to implement SERP in Alpha?
Quality Assurance Audit Manager (QUAL1)	<ol style="list-style-type: none"> 1. Corporate ethos to tackle rather than circumvent problems 2. Consistent support from a member of the Board 3. Leadership from top management made evident through their behaviour 4. Responding to reputational risk and consumer behaviour 	<ol style="list-style-type: none"> 1. Buyer loyalty based on cost and quality/depth of working relationship 2. Friction caused by cost increase with the introduction of SERP policy 3. Inter-departmental conflict resolution 4. Importance of buy-in from procurement department 	<ol style="list-style-type: none"> 1. Learning from suppliers that already engage in SERP practices 2. On-the-job training (by "picking it up") 3. Supplier dialogue to improve SERP performance 4. Inter-departmental communication 5. Policies generated by CSR department 6. Use of critical failure points to highlight totally unacceptable practice 7. Knowledge of the commercial side of the business 8. Departmental expertise
Quality Assurance Manager (QUAL1)	<ol style="list-style-type: none"> 1. Responding to reputational risk and consumer pressure 2. Communication from top managers through newsletters, emails and presentations 	<ol style="list-style-type: none"> 1. Culture of understanding that "good value" includes social and environmental issues 	<ol style="list-style-type: none"> 1. Inter-departmental communication 2. SERP policy enforcement is Quality Assurance's task 3. Use of critical failure points to highlight totally unacceptable practice 4. Policies generated by CSR department 5. Learning from suppliers that already engage in SERP practices 6. Knowledge of legislation 7. Sophisticated IT systems that limit the behaviour of procurement managers 8. No formal training
Researcher's contact notes	<ol style="list-style-type: none"> 1. Pride taken in sharing the Vendor's Manual that details the requirements for vendors to supply Alpha. 2. Brochures readily available exhibiting the organisation's environmental effort 3. The "Transformer" in the restaurant, although mentioned, was absent during lunch time. 	<ol style="list-style-type: none"> 1. Samples of renewable materials and plans to introduce them on a procurement manager's desk 2. Flat structure and open-plan offices 3. Respect for CSR department's efforts is high 4. Head of CSR seems to find the role frustrating at times - bureaucracy and "old school" management opinions slow the process of change. He is quite an ideological person. 	<ol style="list-style-type: none"> 1. QUEST is the backbone of Alpha's SERP efforts 2. The connections with internal and external stakeholders is key to developing policy that accurately responds to this pressure 3. Expertise and motivation of the CSR department is the hub of Alpha's SERP effort. The Quality Assurance department polices it. 4. No training for procurement managers - they just have to abide by policy

7.3.1 How does top management in Case Alpha show support for SERP?

“If you do not have support from the top, it is never going to happen” (CSR1)

This quote from the main contact at Alpha effectively summarises the necessity of top management support in this organisation, which was instigated primarily by negative publicity exposing Alpha’s neglected timber supply chain in the early 1990s. As CSR3 describes:

“Probably the truth of the matter is that we started on it because we were [...] challenged by a journalist about the sources of our tropical hardwoods for garden furniture and we didn’t know, and that began a huge journey for [Alpha] leading to us being leaders in a lot of issues” (CSR3)

A similar account was given by CSR1 and QUAL1 that included changes of the way in which the organisation was structured at the highest level. Both participants commented on the subsequent appointment of a CSR Director, who instigated Alpha’s first initiative to improve social performance in its hardwoods supply chain. He “basically spearheaded the whole campaign around sustainability” (QUAL1) and “really wanted to know about the initiative’s progress” (QUAL1). Whilst these examples show how external pressure can influence the organisation at the very top level, it was also seen, though to a much lesser extent, how similar external pressure can circumvent all intermediary levels so as to alter the organisation’s procurement behaviour.

“[we had to ask ourselves] how much damage is it causing to our brand and our message. So we stopped selling patio heaters, that was a big financial decision, we didn’t replace them, [...] we just stopped selling them. Our competitors carried on selling them [...], but one of the things ultimately that allowed us to make that change was our CEO got sick of being challenged on patio heaters every time he stood up to talk about anything good on green.” (CSR3)

The introduction of a CSR Director represents a formal change in Alpha's structure that has continued through to the present day. Most of the participants made some reference to how important it has been to have 'a successive chain of top managers' showing consistent ideological commitment to SERP activity (CSR1, CSR2 and QUAL1).

"...that has been the beauty I suppose of the organisation through the years is that there has always been somebody on the Board that [*sic.*] is committed to achieving these things." (QUAL1)

In his explanation of how this has affected the activity within Alpha, CSR2 uses the effective analogy of Alpha's DNA to refer to the deepest assumptions (Schein, 1994) of the organisation and the lens it uses to view the problem of CSR in its supply chains. In some ways, the origin of the impetus is not important but rather how the inner workings of the organisation (or, according to CSR2, 'the DNA') has changed in response. CSR3 certainly feels this resultant support in her role; during her description of the nearly twenty-year effort Alpha has undertaken to ensure timber policy compliance (the first supply chain context, in which Alpha started improvement initiatives), she says

"So timber at the moment, we are really closing down the last bits of that to really get to that point and there are people who have been kind of in the business for a long time, their chains of custody aren't complete, and it is a lot of work to get the things done. So really I think it is about being really clever on the language, *being really clear that you have got real high level sign off, that it is not me setting that rule, it is the boards rule*" (CSR3, emphasis added)

Indeed, the importance of formal rules for the CSR Managers in Alpha seems to be a very helpful aspect of the organisation that facilitates their role to influence the procurement department's engagement in SERP activity. In terms of rules that are now artefacts of Alpha's culture, Alpha's Vendors' Manual was reissued in October 2010. It details the requirements, against which a potential supplier would be initially and continually assessed. It also includes the QUEST (Quality, Ethical, Environmental, Safety in manufacture, use and disposal) framework used by procurement managers to

assess potential and existing suppliers. Top management support for SERP is shown in this example through the evidence showing 5 of the framework's 10 principles being dedicated to the social and environmental performance of the supplier in question (

Figure 29). The first five principles pertain to well-accepted supply chain performance criteria, such as reliability and quality. QUEST emerges throughout the interviews at Alpha as the backbone of the procurement managers' interaction with suppliers (CSR1, PM1 and CSR3). Suppliers come into contact with QUEST on numerous occasions throughout their interaction with Alpha from the outset of the relationship through to the regular reassessments. Explicit and publicised 'rules', such as QUEST, allow Alpha to carry out an equitable and transparent supplier selection and assessment process in line with the statement in Alpha's Operational Standards for Supply Chains policy that Alpha will "work in partnership with vendors and factories in a process of continuous improvement to ensure that these standards are met over time". This level of transparency in turn helps procurement managers act in a way that is congruent with the aims of the organisation.

"We know there are occasions where we could buy a product cheaper without [implementing SERP] but we believe it is so important that we do. There is a policy in place and that is the rule to which buyers operate. That decision was perhaps not taken in the same way as perhaps as [*sic.*] a purely financial one, it is a big piece about our core belief." (CSR3)

QUEST also involves a set of absolute minimum standards, referred to internally as Critical Failure Points. These are set discretionarily by Alpha and are not tolerated in any of their suppliers, potential or existing. There are nine critical failure points that are stated in Alpha's *Operational Standards for Supply Chains* document (Figure 30). QUAL1 explains that

"We have critical failure points, so there are critical points which must not exist within the supply chain, and those have to be verified first, so they are upmost in your mind before you start,

child labour, bonded labour [...], all of those sorts of things are in your mind when we are doing reviews of products.” (QUAL1)

Figure 29: An example of supplier selection and assessment criteria in 'QUEST' at Case Alpha

QUEST 6 Environmental policy and awareness	QUEST 7 Environmental track records and targets	QUEST 8 Supply chain transparency	QUEST 9 Packaging & labelling	QUEST 10 Product Integrity
QUEST PRINCIPLE	QUEST PRINCIPLE	QUEST PRINCIPLE	QUEST PRINCIPLE	QUEST PRINCIPLE
<i>Environmental policies and Life Cycle Assessments</i>	<i>Environmental Action Plans, and environmental legal compliance</i>	<i>Supply chain transparency, management of ethical issues, Vendor's Health and Safety record</i>	<i>Compliance with legal and [REDACTED] packaging requirements</i>	<i>Product Compliance to legal and [REDACTED] buying standards</i>
Assessment criteria	Assessment criteria	Assessment criteria	Assessment criteria	Assessment criteria
<ul style="list-style-type: none"> • A written Environmental Policy that is accompanied by a targeted action plan? • Does the policy cover social, welfare, and ethical issues? • Does the policy address recycling & waste disposal? • Does the policy reflect sustainable development principles i.e. preparation for low impact, long term future. • Details on how often the policy and action plans are reviewed and by whom in the organisation. • Describe the main environmental issues associated with the products supplied to [REDACTED] 	<ul style="list-style-type: none"> • What targets and deadlines have been set on the issues identified by their policy? • What progress has been made in achieving the targets? • Have any environmental audits been carried out on any production facilities? • Information on any environmental awards or achievements? 	<ul style="list-style-type: none"> • A diagram / flow chart clearly showing the complete supply chain to [REDACTED] • Own Brand Vendors to register on Sedex (http://www.sedex.org.uk) and to help their suppliers to register. • Comprehensive details on the process used to assess Vendors. This should include details on how risk is assigned, who has responsibility, how non conformances are identified, closed out and monitored. • Are subcontractors, outworkers or homeworkers used in any area of the business. Do their conditions meet the [REDACTED] requirements? • Details on any prosecutions, enforcement notices, prohibitions etc. 	<ul style="list-style-type: none"> • Is packaging necessary? • Is the packaging minimal? • Is any packaging totally recyclable? • Do environmental claims comply with the Government's Green Claims code & [REDACTED] requirements? • Does all labelling conform to applicable legislation (CHIPS, COSHH)? • Does any plastic packaging show the SPI codes? • What % of the packaging is recycled material? • What virgin material goes into the packaging of the products? • Is packaging compliant with packaging 	<ul style="list-style-type: none"> • Do any of the products offered to [REDACTED] contain wood or pulp? • Can they provide proof that wood used in the [REDACTED] products is FSC certified timber? (See Timber & Paper Buying and Policy Standards 2010) • Evidence of independent certification via chain of custody certificate for the timber used in the products? • Do any of the products contain Peat? (See [REDACTED] Peat Buying Standards 2010) • Does the product contain VOCs (solvents)? (See [REDACTED] Paint Labelling Guidelines 2010) • Does the product contain any chemical covered by the REACH Data Sheet

These minimum standards would act in much the same way as the rules referred to by CSR3 earlier. Furthermore, they are minimum standards that top management would have ratified (cf. policy creation process) for the application to *every* product brought into Alpha's branches for sale.

Reference to Alpha's culture was unprompted and its salience shows the participant's awareness of the beliefs of top management and what is supported at the organisational level of analysis. This awareness is also gained in Alpha through informal support: top management's actions that are not formally recorded. This type of support can have a direct impact of how employees behave within the organisation (Eisenberger, 2001; Sims, 1991). Indeed, there was some evidence in the interview with QUAL1 and QUAL2 that there were visible efforts to have this direct impact on the way in which members of staff choose to behave.

Figure 30: Critical Failure Points in Case Alpha

Critical Failure Points
1. The factory or worksite only employs workers who are over the local legal minimum age. Where this is less than 15, or where there is no legal minimum age, workers should not be less than 15 years old.
2. Factories or worksites do not use forced, bonded or involuntary labour.
3. Workers are not forced to lodge unreasonable deposits or their identity papers with their employers. In countries where deposits are prohibited by law, no deposits are allowed.
4. Workers are not subject to physical abuse, the threat of physical abuse, verbal abuse or any other forms of intimidation.
5. There must be an adequate number of safe, unblocked fire exits, escape routes and fire fighting equipment accessible to workers from each floor or area of the factory or worksite and accommodation (if provided).
6. The worksite is a safe and hygienic place to work.
7. Accommodation, if provided, is safe and hygienic and segregated from the factory or production area and from material storage areas.
8. The factory or worksite does not knowingly contravene local and national environmental legislation without being able to demonstrate a plan of action to improve.
9. Site management demonstrates a willingness to improve on any significant areas of concern identified and is committed to working towards meeting the standards of the Code of Conduct.

QUAL2 comments on the support for SERP shown in newsletters, emails and presentations given by top management. QUAL1 made direct reference in his interview to the 'Transformer': a "box down in the restaurant with switches on it and a constant video playing [about] the main commitments for particular people in the business".

Such artefacts forge the connection employees make between their everyday action and the goals of the organisation. It is also a method through which top management can empower employees to take ownership of the organisation's CSR initiatives by awarding recognition for their efforts.

7.3.1.1 Summary

These findings are summarised in Figure 31.

These findings of how Alpha both formally and informally supports SERP implementation have shown how important it has been for Alpha to maintain the momentum of engaging in SERP by not only appointing members of top management who are ideologically committed to SERP activity, but also by *continually* making such appointments.

Figure 31: Summary

How top management in Alpha supports S.E.R.P. implementation	
Board level activity	Through curiosity and involvement of top management
	By appointing a CSR Director responsible for CSR in Alpha's activities
	By continually appointing Board directors who are ideologically committed to S.E.R.P.
Tools and Rules	By endorsing the recommendations made by the CSR department as rules across the organisation
	By infusing these recommendations into QUEST, the supplier assessment and evaluation tool
Transparency	By overtly encouraging transparent actions
	Through the active use of internal communications channels
Absolute minimums	By communicating values and expectations by setting absolute minimum standards that are acceptable in the supply base

The role of 'rules' needs further consideration, however. It became apparent that the difference between rules (*e.g.* codes of conduct) as commonly understood in the literature (Sims, 1991) and in the current study (*e.g.* QUEST) is that procurement

managers have much greater interaction with the rules and guidelines that influence their behaviour (Ammeter *et al.*, 1997). Informally, top management have agreed to and participate in the conspicuous display of cultural artifacts (Schein, 1994) that support formal artifacts and communicate organisationally-sanctioned goals and actions to employees (Sims, 1991).

7.3.2 How do subcultural differences affect the implementation of SERP in Case Alpha?

The efforts made in Alpha to correlate the behaviours of different departments appeared to be having the desired effect. An example of this is the general response given by PM1 that he ‘just obeys the rules’. PM1 explains that he had been recruited into Alpha for his expertise and experience gained in organisations (*e.g.* Argos and Sainsbury’s Homebase), whose SKUs are sourced from very different supply chains, as are those sourced by Alpha. In this sense, the ability of the procurement department to directly affect the profit imperative by cutting costs may usurp its responsibility for SERP implementation, if, in fact, staff in this department ‘just obey the rules’. Comments made by CSR1 with regard to Alpha’s response to stakeholder pressure, however, indicate that this is not always the case.

“I don’t think anybody [in Alpha] gets out of bed in the morning to come and mess things up, but equally people [in Alpha] do have slightly different takes on what is a credible or ethical position to take.” (CSR1)

“There are specific issues that perhaps certain people within the organisation ignore and others they engage with more, because they are relevant to their function or [because] they are the ones they understand.” (CSR1)

CSR1’s statements detect subtle tendencies in Alpha’s staff to ‘stick to what they know’ and potentially a need for training in this area. This inertia is also mentioned by CSR3, who commented on how “difficult [it had been] for anyone to embrace the idea of

anything new” and that she felt “people were begrudgingly applying the policies that [Alpha] had and they weren’t keen on adopting new [ones]”. Furthermore, contact notes from the interview with Alpha’s Head of CSR (CSR2) reveal that piecemeal emotional reactions to SERP were one of the major barriers to its implementation.

CSR1 demonstrates the CSR department’s commitment to SERP implementation by affirming their belief that adversity and inertia can be overcome through amicable dialogue, as ‘confrontation is part of it’. The CSR team work very closely with the Quality Assurance team within Alpha in order to ensure that all changes in policy and product specification requirements are understood. This link between the two departments is shown explicitly on the organisation’s literature seen by all potential and existing suppliers, for example *‘Initial Vendor Engagement: [Alpha’s] Quality Assurance and Social Responsibility’*, which outlines the supply requirements imposed by Alpha. Comments made by Alpha’s Quality Assurance Audit Manager (QUAL1) on his department’s interaction with the procurement department on SERP issues indicate some difficulties around the loyalty buyers have to certain vendors:

“A vendor that our commercial team may think are wonderful, we might think are awful... the buyer has to respond and ‘I have gone with this other vendor because it is 5% cheaper’ really isn’t good enough anymore.” (QUAL1)

“[Some] buyers [...] have their favourite vendors because of the working relationship they have with particular vendors.” (QUAL1)

As well as around the procurement department’s focus on cost reduction:

“Sometimes, some of them find it difficult to defend, well why should I do this...” (QUAL1)

“[if the enforcement of] this policy is going to increase prices by 3%, [the procurement managers] have got to justify the price increase and what they are going to do to defend [mitigate?] that increase, so yes we do come up against some friction.” (QUAL1)

These references suggest that the pressures on the procurement department to reduce cost in the supply chain not only outweigh those to implement SERP but have also made the department's 'cost-reduction' culture resistant to further change.

7.3.2.1 Summary

These insights into how different departments interact with SERP have highlighted a number of intra-organisational characteristics that can help or hinder SERP implementation (Figure 32). The inertia, *i.e.* unwillingness to adopt new policies and practices, is a notable barrier in the procurement department observed by the CSR department. Some aspects of this inertia are purely behavioural (the loyalty given to certain vendors) and other aspects are behaviours that are perpetuated by traditional mechanisms within the organisation, *i.e.* the procurement managers' focus on price encouraged by their performance being measured on cost reduction.

Figure 32: Summary

Facilitators of S.E.R.P. in Alpha	Barriers to S.E.R.P. in Alpha
CSR department's commitment to dialogue	Institutionalised practices and attitudes in the employee base
Inter-departmental communications	Buyer loyalty to in compliant suppliers
	Cost-reduction culture

7.3.3 How are organisational and human resources used to implement SERP in Case Alpha?

This section presents five intangible resources that emerged as important factors influencing Alpha's effort to implement SERP policy. They are i) the process of policy creation; ii) absolute minimum standards required of suppliers; iii) training; iv) supplier engagement and development; and v) organisational learning. The order of presentation does not reflect an order of importance.

7.3.3.1 Process of policy implementation

The most prominent resource that Alpha uses to implement SERP is the process undertaken to create and enforce policy. It emerged in interviews with every participant save QUAL2, most likely due to his lack of experience in the role, as he did indeed comment on how closely his department worked with the CSR department. The process has been summarised in Figure 33 overleaf. The process begins with the efforts of the CSR department to engage with internal and external stakeholders. It is this department's task to gauge where justifiable changes can be made to the procurement strategy of Alpha.

“Policies are generally created by the CSR team, so they do the consultation and most of the main work.” (QUAL1)

“Now in advance of the proposal to the board, we will have spoken to all of the buying teams, so we will have done some work on what products we have got there, what products are affected, are the buying teams in support of this idea or is it something they have got a challenge with, we will also talk to various NGOs and advisory stakeholders...” (CSR3)

CSR3 explains that the policy creation process begins with dialogue with the Quality Assurance department (that will eventually be tasked with monitoring and enforcing ratified policies) and with the procurement department with regard to proposed policy changes. QUAL1 also comments that

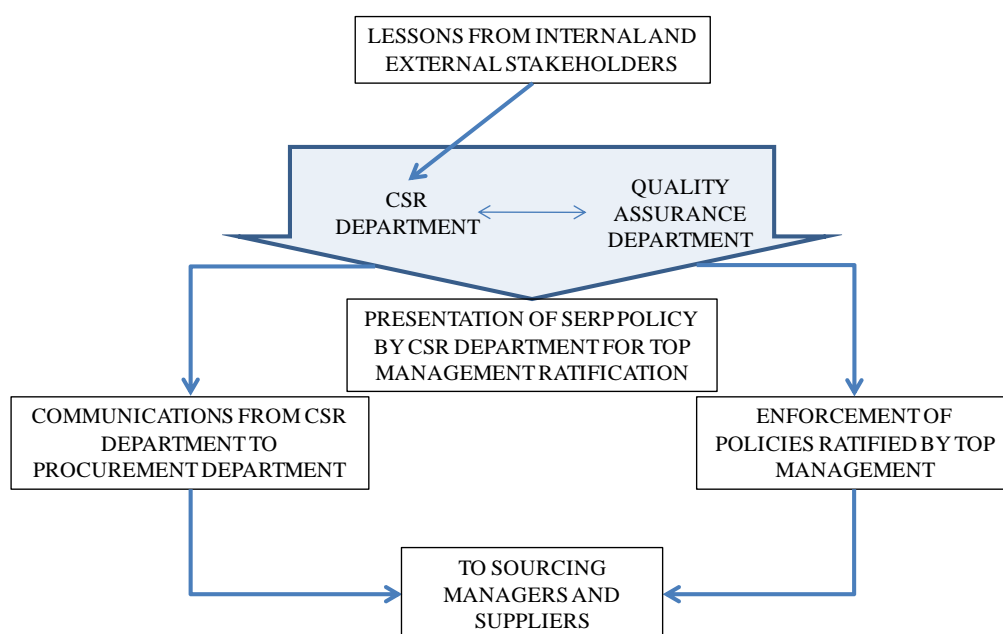
“...our team meet with the CSR guys once a month to see if they plan any changes to policy. So this week we had a team meeting and we were talking about [...] what our obligations are going to be and the workload [involved].” (QUAL1)

At the very top level, Alpha's *Operational Standards for Supply Chains* policy supports this process of dialogue by stating that '[Alpha] will only attempt to implement improvements that both the workers and management agree are relevant'.

Once the proposed policy has been developed, the task of the CSR department is to present and justify it to the Board of Alpha's directors. CSR1 elaborates on the way in which CSR initiatives are sold to the Board, or in his words, 'principal internal stakeholders'.

"...to be honest, the way you sell it back to the company is [as] risk avoidance, so the way that you then engage your principal stakeholders internally would be if you want to avoid having the equivalent of a BP or a Nike." (CSR1)⁴⁹

Figure 33: Policy creation and implementation process in Case Alpha



PM1 and CSR3 both express a concern at this stage that newly created policy can only ever apply to products introduced to Alpha's range *after* the introduction of the policy. This is to say that Alpha's range includes many products that do not necessarily comply with Alpha's stance on CSR in the supply chain but have survived nonetheless, because they had been part of the range before any policy changes had been made.

⁴⁹ This may be linked to subcultural differences within Alpha insofar as the CSR department understands that top management value SERP only as a means of risk mitigation as a response to stakeholder pressure.

An immediate observation to be made with regard to this concern relates to the number of individuals tasked with SERP implementation at Alpha (*e.g.* the CSR department is made up of 5 individuals [CSR1]). It is worth noting that the participants in this study are not responsible solely for SERP but also for other CSR, Quality Assurance and procurement activities; and, were this number higher, policy may also be able to influence the procurement of these ‘legacy’ product lines more effectively.

After iterations, the policies are ratified by the Board. It is subsequently the task of the CSR department to communicate the ratified policy and the of the Quality Assurance managers to enforce it. In terms of internal communication, QUAL1 comments on the CSR department’s ability to ‘persuade’ and ‘convince’ internal stakeholders to engage with SERP activity.

“...the CSR guys do do a good job of actually making the policy saleable and making people understand the reasons why we are doing it.” (QUAL1)

“Because at the end of it, they [procurement managers] actually get it and they understand it. [...] the fact that you can do it, the fact that it is achievable when we set out in the first place and [that the CSR department] can actually convince people [procurement managers] to do it, if all of that has been done properly in the first place, which is what the guys in CSR are pretty good at, implementation should be fairly easy.” (QUAL1)

Within the CSR team, this perceived success stems from the clarity with which these issues are approached, being very clear about when an action encouraged by the CSR department is no longer a supplementary guideline but rather in line with that which is supported by top management.

“So the thing that is most important is making it really clear to the buyers, and I suppose this is a language thing that we hadn’t realised how important it was until recently, is actually being really

clear about when something is a rule, when it is a guideline and when it is a warning that a rule is going to come.” (CSR3)

However, the emphasis is not all on the adversarial application of rules within Alpha. Whilst the development of policies and rules emerged as the bedrock of action, CSR managers communicate the essence of these rules in both a targeted (in the sense that they try to understand how policy applies to who they are talking with) and collaborative manner.

“...not all policies apply to all buyers or all QA technologists, so we will be talking to them about the rules that apply to them, and changes in the rules and what that means [for them]. So the QA team will come back and say there is a challenge with this one and we will say here is a different way round it or this is what you could be doing. We work pretty closely with them.” (CSR3)

Noticeably, moreover, the Quality Assurance department has the power of veto. This power emerged as a defining feature of Alpha’s effort to implement SERP, as they ‘have ultimate sign off’ (CSR3) on whether a product can be bought, as CSR3 explains:

“...the buyer has the ability to set the price and do things but if the product doesn’t meet the quality or ethical or environmental standards he can’t buy it.” (CSR3)

“...the buyer will go out and look for products but then there is a quality assurance programme that means that they, they might want to buy the product but it is QA that sign off that the product complies with policies, both quality and environmental and ethical policies and it is them that [*sic.*] have the say so and they are not part of the commercial team.” (CSR3)

QUAL1 also comments on the role of his department to police the activities, which makes the initial communication between Quality Assurance and CSR an indispensable initial stage in the process of policy implementation. Without this process, Alpha would

risk an increased probability of dissonance, political behaviour among employees and implementation failure (Sims, 1991).

Quality Assurance's responsibility in this respect is facilitated by Alpha's IT system that, according to QUAL1 and QUAL2, will not allow procurement managers to place orders with suppliers who have not been approved. Another feature that supports this responsibility is that the Quality Assurance department is not part of the commercial team, where the pressure to meet the profit imperative may at times be at odds with enforcing CSR in the supply chain.

7.3.3.2 Absolute minimum standards required of suppliers

Earlier, it was seen how top management ratified the use of minimum standards in Alpha's procurement activity. In this sense, these critical failure points may be interpreted as a way in which top management support SERP in Alpha. Moreover, once this has been shown, the same standards are used as a resource by both procurement managers to select suppliers and Quality Assurance managers as a basic framework against which suppliers are assessed before being approved. They therefore serve as more than an indicator of top management's support but also as an example of where the support for SERP results in an internal, intangible resource.

7.3.3.3 Training

Comments given by the participants on the internal training provided by Alpha with regard to SERP were neither as extensive nor as detailed as the responses to previous enquiry. This may reflect an underdeveloped mechanism that is yet to be formalised or perhaps a channel through which the organisation could show support that, in terms of curriculum development and sourcing expertise, involves more of an investment than lower hanging fruit.

In general terms, all of Alpha's employees undertake induction training that includes Alpha's general stance to CSR (CSR1). Role-specific training also exists on and off the job for procurement managers and those quality assurance managers that are tasked with ensuring compliance with ratified policy.

“So from that [training] perspective, where does it [SERP] fit into their role, [...] we have got the training programmes and we have delivered them to certain buyers but not universally across the board. We update the buying team every year on policy renewals etc.” (CSR1)

“The specific nuts and bolts of it is [*sic.*] hands on. So I would have somebody accompany me on an audit and sit in on the audits with me and they will gradually learn it and gradually pick it up.” (QUAL1)

Evidence of cross-functional training also emerged from the data, where members of the CSR department would “talk to them [procurement managers] about all of the issues to do with sustainable procurement [...] and where they can find that information in terms of specific policies” (CSR1).

7.3.3.4 Supplier engagement and development

Two themes emerged from the way in which Alpha works with its suppliers. The defining characteristic between them is the purpose of resource investment. The theme labelled ‘supplier engagement’ aims to convey how Alpha *encourages* and *guides* potential and existing suppliers to comply with its policies. ‘Supplier development’ aims to convey the deliberate and active effort to change the suppliers’ culture and processes.

An example of supplier engagement was seen earlier in the policy creation process, where, although no effort was made to alter culture and process, the suppliers were reported (by CSR1, CSR2, QUAL1 and QUAL2) to be involved in the CSR department’s consultation process regarding what may and may not be possible.

“We have certain vendors that [*sic.*] are championing particular areas of development. [...] Yes, we will consult with them on policy, why try to reinvent the wheel if you have got somebody there that [*sic.*] has already done a lot of the coverage and investigation” (QUAL1)

Other ways in which Alpha encourages and guides its suppliers include during the tendering process, before they become approved suppliers, when Alpha recognises that, at the start of the relationship, “no vendor will be at exactly the required level” and therefore they ought to be given “a period of time to improve and work on things” (QUAL1). The participant’s reference here is to the suppliers’ efforts to comply with the standards outlined in QUEST and the Vendors’ Manual in order to become one of Alpha’s suppliers.

CSR1 also spoke about supplier engagement as a way of encouraging transparency, therefore reducing information asymmetry in the buyer-supplier relationship. He recognised very clearly that policy creation is often driven by issues in particular areas that are uncovered during the sourcing process. Therefore, he comments that the effective execution of this process relies on ‘being able to be open about it [issues in the supply chain]’ and that is why “[Alpha] encourages all of [its] vendors to actually say if they have particular issues” (CSR1).

Evidence of supplier *development* in Alpha emerged primarily when actual examples of the participants’ abstract comments were elicited by the interviewer. The purpose of this enquiry is to reduce the probability of the participant replacing a somewhat more truthful description of problems in Alpha’s supply chain with unintentionally imagined and more desirable outcomes.

An initiative reported by CSR1 aimed to develop practices of suppliers in Capiz, a province in the Western Visayas region of the Philippines. Alpha sources mother-of-pearl shells from this region, which is used in the manufacture of a variety of products including lampshades and window doors. CSR1 describes that, before Alpha’s intervention, the lack of health and safety training allowed those harvesting mother-of-pearl to free dive (dive without safety or survival equipment) causing a variety of injuries, such as ruptured ear drums. As a response to this issue, Alpha

“...put in country specialists with the supplier to work with the communities to try and address some of the issues associated with diving deaths and so on and provide training, understanding the

risks and all those sorts of things. And that was then subsequently taken on by the Philippine government through the changes in legislation over there, so they started regulating the industry, which meant that we could pull out of the project and leave it in terms of, it became a government issue, not a sole retailer issue.” (CSR1)

In another example described by CSR1, Alpha recognised the importance of suggesting initial changes that required little or no actual investment on the supplier’s part to increase the success of the supplier development effort. The example was health and safety at an open quarry in China that lacked barriers between walkways and roads, and the steep drops into the quarry. The easy prevention of accidents requiring no investment identified by Alpha was to use unwanted boulders as a barrier. Using this interaction as a starting block, CSR1 comments that

“...they have already got that there, it doesn’t cost them anything, all it costs is the time and the petrol to move [the boulders]. So it is about engaging with them. Once you have done that, and they say okay that was easy, the next one is, okay, how about providing access to clean drinking water, yes okay, how do we do that?”
(CSR1)

Commercial motives were also seen to lead Alpha to influence the culture of its suppliers. QUAL1 cites an example of a working party that was set up to foster communication between the top management and the workers of a Chinese supplier, so that the former would stop seeing the latter ‘as parts of the machinery’ (QUAL1). The participant’s report contained both the effect of the effort, *e.g.* a better paid and happier workforce, less accidents etc., as well as the contributors to the profit imperative, *e.g.* an improved process flow, higher staff retention and lower product rejection rates, therefore higher product quality.

7.3.3.5 Organisational learning

In Alpha’s case, organisational learning adopts a variety of forms. There is evidence of learning from third parties, such as NGOs and vendors; internal efforts that bring in new

knowledge from the external environment; and internal efforts that improve internal processes of communication and implementation.

According to QUAL1, working with NGOs enables Alpha to stay ahead of stakeholder concerns and to pre-empt any potential pressure. Responding to pressure when it does emerge as well as determining what is possible in terms of practically feasible policy constitute the purpose of Alpha's engagement with suppliers, according to QUAL2 and CSR3. In a more general context, QUAL2 comments that the quality assurance department constantly monitors changes and trends in industry in order to improve Alpha's performance in this area of its operations. Internally, the CSR and quality assurance teams meet once per month to discuss potential changes in policy. QUAL1 comments on how this mechanism has facilitated SERP implementation:

“The friction that we get between ourselves, the CSR guys and the commercial team has got easier, it is a lot easier than it used to be, as we have learnt ways of doing things and actually to be honest [...] when you discuss these particular issues, it can also make you work better with a particular vendor because you understand the way in which they are working and [you] understand their supply chain.” (QUAL1)

This theme of understanding also emerges at a different level of analysis when QUAL1 comments on his belief that he was brought in to the quality assurance activity of Alpha precisely because he has the ability to understand the commercial pressure.

“...[that is] the reason why I was kind of brought into the business, brought into the QA team so many years ago, was because I came from the commercial side, so I could understand the commercial side” (QUAL1)

7.3.3.6 Summary

Five main themes were identified in the interviews at Alpha: i) the process of policy creation; ii) absolute minimum standards required of suppliers; iii) training; iv) supplier

engagement and development; and v) organisational learning. These are summarised in Figure 34.

Figure 34: Summary

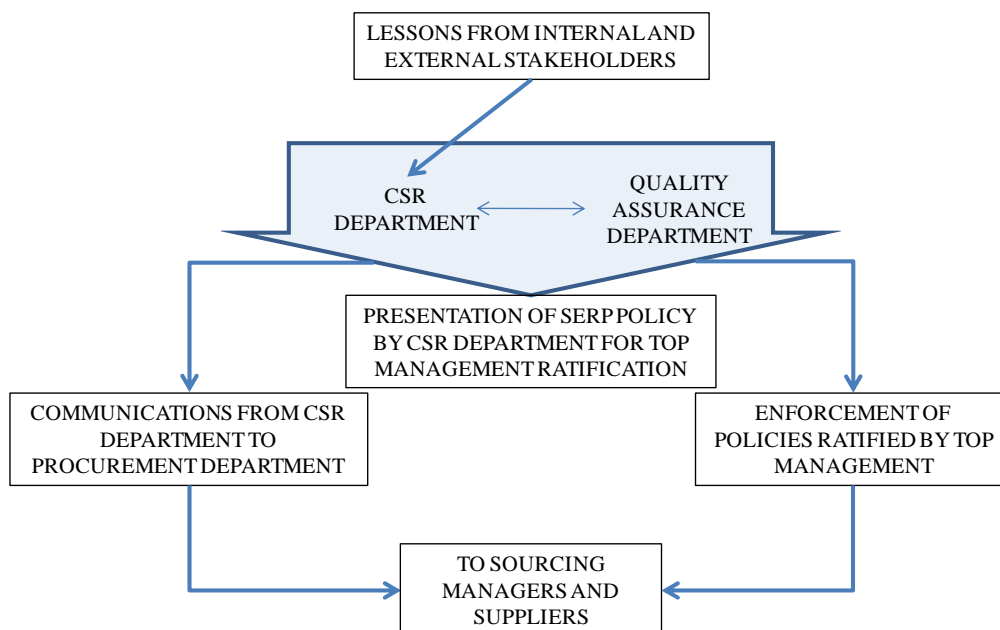
Intangible resources used by Alpha to implement S.E.R.P.	
Process of policy implementation	Process starts at mid-management level
	Top management only ratifies policies created by mid-management
Absolute minimum standards	The use of critical failure points guides buyer behaviour by communicating unacceptable supplier characteristics
Training	Cross-functional and on-the-job training
Supplier engagement and development	'Engagement' encourages and guides supplier behaviour, whereas 'Development' entails the deliberate and active effort to change a supplier's culture and processes
Organisational learning	Learning from NGOs and suppliers
	Internal efforts to import knowledge
	Internal efforts to improve Alpha's processes.

7.3.4 Conclusion

Depicted in Figure 35, Alpha's policy creation process recognises the passion and expertise already present within the organisation to produce and monitor compliance to policy. The ratification of top management could be seen as both top management support and as a resource used by the CSR and quality assurance departments to exercise their role of the dissemination and monitoring processes. This process shows the value held in the expertise of middle management, who create and enforce the policy. Furthermore, the power of veto also lies at this level of management.

In much the same way, the use of the minimum standards in Alpha guides the behaviour of procurement managers' selection and continued engagement with suppliers by concisely stipulating the minimum criteria that top management or, more precisely, the CSR department, expect to be fulfilled.

Figure 35: Policy creation and implementation process in Case Alpha repeated



Training for those engaged in SERP implementation is carried out on and off the job in a both generic and role-specific manner. The underdeveloped comments on the training received by the project participants may reflect the immaturity of the training initiative in Alpha. Supplier engagement and development emerged as two separate themes, whereby the former illustrates the way in which Alpha *encourages* and *guides* its suppliers to comply with policy criteria and the latter denotes deliberate and active efforts on Alpha's part to change the culture and processes of the supplier. In terms of organisational learning, there was some evidence in Alpha that it learnt from third parties (suppliers and NGOs), the general industry environment and from its own efforts to improve interactions between internal stakeholders.

This concludes the findings for Case Alpha. The following chapter presents the findings in an identical format for Case Beta. This precedes a detailed comparison of the two cases and a discussion of the findings in relation to the extant literature.

8. Implementing SERP: The Case of a Multinational Tobacco Company

8.1 Introduction

This chapter replicates the structure of Chapter 7, in order to discuss the findings of the study conducted in Case Beta, a multinational tobacco company operating in the United Kingdom. The same research question and sub-questions constitute the core of the study and are listed below as a reminder.

- How does top management in Case Beta show support for SERP?
- How do subcultural differences affect SERP implementation in Case Beta?
- How are intangible resources used to implement SERP in Case Beta?

In the same way as in the previous chapter, it is recognised in the third research question that such resources must be accessible to or owned by the procurement department, so that it is an aid to the department's efforts to respond to top management support and to thus implement SERP (Côté *et al.*, 2008; Carter and Rogers, 2008; Carter *et al.*, 1999). Furthermore, the findings provided for each question are the result of data sources analysed using Miles and Huberman's (1994) role-ordered matrix (Table 27**Error! Reference source not found.**).

8.1.1 Case context

Beta's tobacco products have experienced increasing levels of social unacceptability in the West. In Britain, legislation has affected demand for cigarettes by banning tobacco advertising in 2005, introducing conspicuous health warnings on packets in the same year and outlawing smoking in public places in 2007. Whilst these legislative actions may have affected the demand for Beta's products in the end-consumer market in the United Kingdom, Beta is active and in a strong position in over 50 markets worldwide, with four global brands and approximately 200 local brands of tobacco products.

Specifically to issues pertaining to sustainable supply chains, Case Beta founded in 2000, alongside other tobacco-related organisations, the Eliminating Child Labour in Tobacco-growing Foundation (ECLT). This effort has come under some scrutiny with regard to the funds allocated to this strand of Case Beta's CSR effort and the organisation's overall profit margin (Otañez *et al.*, 2006). Despite such criticism, Case Beta has stated in the past that its primary motivation is to accurately respond to stakeholder pressure (Barracough and Morrow, 2008). The business employs over 60,000 employees and owns 45 cigarette factories in 39 of its 50 markets. In 2010, the business reported sales of 708 billion cigarettes and a gross turnover of £43.8 million.

Table 27: Role Ordered Matrix for Case Beta

Research question → Participant ↓	How does Beta show support for SERP?	How do subcultural differences affect SERP implementation in Beta?	How are intangible resources used to implement SERP in Beta?
Group Head of Procurement Strategy and Planning (PM2) and Global Head of Procurement Account Management (PM3)	<ol style="list-style-type: none"> 1. A positive gap between the firm's operations and the law 2. Demonstrating the firm is a responsible industrial leader 3. Minimising (reputational) risk 4. Dedicated tool to align suppliers with strategy 5. Dedicated tool to disseminate SERP information internally 	<ol style="list-style-type: none"> 1. Core, top-down messages minimise incongruent attitudes 2. "initiative overload": many members of staff have an opinion on how Beta should engage in SERP, all of whom cannot be satisfied 3. New recruits are naturally more aligned to SERP strategy 	<ol style="list-style-type: none"> 1. Category strategy grouping similar products into families and using the category managers' knowledge of the industry to procure at "family" level 2. Talent acquisition 3. Organisational and cross-functional learning 4. Stakeholder engagement 5. Dedicated tool to align suppliers with strategy 6. Individuals' experience in other areas of the business
Group Sustainability Projects Manager (CSR4))	<ol style="list-style-type: none"> 1. Transparency 2. Lack of support in initiating policy 3. Making the business an attractive career choice 4. Minimising (reputational) risk 	<ol style="list-style-type: none"> 1. Legacy issues from previous mergers 2. Importance of integrating SERP policy into existing policies 3. New recruits are naturally more aligned to SERP strategy 4. The use of "sustainability coaches" in the organisation reduces sub-cultural differences 	<ol style="list-style-type: none"> 1. Learning from suppliers 2. Stakeholder engagement 3. Talent acquisition 4. Organisational and cross-functional learning 5. Individuals' experience in other areas of the business 6. Category strategy 7. Dedicated tool to disseminate SERP information internally
Global BEST Co-Ordinator (CSR5)	<ol style="list-style-type: none"> 1. Transparency 2. Minimising reputational risk 	<ol style="list-style-type: none"> 1. Core, top-down messages minimise incongruent attitudes 2. The existence of a common mindset throughout the business with regard to SERP 	<ol style="list-style-type: none"> 1. Supplier engagement 2. Trained supplier reviewers 3. Organisational and cross-functional learning 4. Category Managers' expertise 5. Stakeholder engagement

Table 28: *Role Ordered Matrix for Case Beta (continued)*

Research question → Participant ↓	<i>How does Beta show support for SERP?</i>	<i>How do subcultural differences affect SERP implementation in Beta?</i>	<i>How are intangible resources used to implement SERP in Beta?</i>
<i>Procurement Manager (PM4)</i>	<ol style="list-style-type: none"> 1. Ambiguous messages from top management 2. Messages pertain to the importance of SERP rather than a clear implementation strategy 3. Structural problems, insofar as SERP is a cross-funtion task but Beta is not structured in this way 	<ol style="list-style-type: none"> 1. Differences in the attitudes of procurement managers of direct and indirect materials 2. Ambiguous application strategy 3. Attempts at integrating sustainability into Beta's expenditure 	<ol style="list-style-type: none"> 1. Internal stakeholder management 2. Organisational learning 3. Category strategy 4. Individuals' experience of other parts of the business 5. Mixed levels of training but higher for category managers.
<i>Procurement Manager (PM5)</i>	<ol style="list-style-type: none"> 1. Minimising (reputational) risk 2. Constant flow of information on sustainability in the background in the form of, for example, presentations and emails from top management 	<ol style="list-style-type: none"> 1. Differences in the attitudes of procurement managers of direct and indirect materials 2. Some procurement managers emphasise profit more than responsibility 3. SERP was part of the recruitment interview process to communicate what is valued by top management 	<ol style="list-style-type: none"> 1. Mixed levels of training but higher for category managers. 2. Learning from suppliers whose SERP performance is higher 3. Organisational learning 4. Stakeholder engagement 5. Dedicated tool to align suppliers with strategy
<i>Researcher's Contact Notes</i>	<ol style="list-style-type: none"> 1. Posters placed very prominently showing the flow of Beta's responsibility in its manufacturing process 2. Prominent photographs of employees handling product in overseas manufacturing and tobacco processing plants 3. The only brochure available in reception is the current sustainability report 4. Clear motivation shown by so many members of top management able to take the time to be interviewed on this subject 	<ol style="list-style-type: none"> 1. Reviewing processes and conitnuous improvement is important in Beta 2. Interviewees are frank that their efforts in SERP are not perfect and are open to stakeholders shaping future improvements 3. Clear motivation and enthusiasm from employees who support the organisation's desire to be a responsible business 	<ol style="list-style-type: none"> 1. Category management is a central contributor to the organisation's SERP efforts 2. SERP implementation processes in Beta are not very old but are nonetheless well-entrenched, possibly due to the high level of buy-in at multiple levels of the organisation

8.1.2 Structure

The following section presents any differences in the methods used to collect data in Case Beta. Apart from these differences, the process was identical to that used in Case Alpha. See Chapter 4 for a more detailed description of the methods. Following this, the presentation of the findings in Case Beta follows an identical format to that of the previous chapter: according to the research question. A summary of the findings concludes the chapter and serves as a starting block for the cross-case comparison in Chapter 9.

8.2 Methods

Interviewees were accessed through the researcher's main contact: Group Head of Global Strategy and Programmes, with whom an interview was regrettably not possible before the compilation of this thesis. Interviewees in Case Beta were the Group Sustainability Projects Manager (CSR4); Global Head of Procurement Strategy and Planning (PM2); Global Head of Procurement Account Management (PM3); Global BEST Co-ordinator, who was involved in the original compilation of the Group's supplier assessment tool (CSR5); and two procurement managers (PM4 and PM5). These participants and their contributions are summarised in Figure 36.

All interviews were recorded and transcribed in Case Beta. Examples of these transcriptions can be found in the appendix.

Figure 36: List of participants in Case Beta

<i>Known as</i>	<i>Role</i>	<i>Years with the organisation</i>	<i>Length of interview (in minutes)</i>
CSR4	Group Sustainability Projects Manager	36	100
CSR5	Global BEST Co-ordinator	2	25 (impromptu snowball interview)
PM2	Global Head of Procurement Strategy and Planning	29	70
PM3	Global Head of Procurement Account Management	15	70
PM4	Procurement Manager	21	65
PM5	Procurement Manager	3	50

The following section presents the findings for the first research question.

8.3 Findings

This section presents the findings of the investigation into the implementation of SERP in Case Beta. It is seen first that top management support is based on the mitigation of reputational risk, particularly among potential future employees. Top managers are also seen to endorse the development and use of a sophisticated supplier management tool as well as the structured dissemination of information through non-formalised channels.

A variety of actions are observed to facilitate and hinder SERP implementation at the subcultural level. Facilitators include recruiting individuals with the right attitude towards SERP; focussing SERP efforts on the supply chains of materials central to the organisation's operations (referred to as 'direct materials'); and using 'sustainability coaches' as representatives of top managers' values at lower levels of the organisation. Barriers in Case Beta's subcultures, on the other hand, include the cultural 'baggage' of operating companies after acquisition; the attitudes of departments that are not involved in procuring or processing 'direct materials'; and a lack of understanding of the benefits of engaging in SERP activities.

Intangible resources will also emerge to revolve around the use of existing intra-organisational knowledge and recruitment of individuals knowledgeable about SERP implementation, *rather than* the fostering knowledge internally through training programmes. Additionally, the organisation actively reaches out to external stakeholders, such as academia, consultancies through tailored stakeholder dialogue sessions, in order to learn their perspectives on sustainable supply chains and ways in which these perspectives can be incorporated into the organisation's approach. The supplier management tool mentioned earlier is also a significant organisational resource to implement SERP in Case Beta.

8.3.1 *How does top management in Case Beta show support for SERP?*

The findings of this section relate to the research question by uncovering how support for SERP is manifested by top management. The quantitative analysis in chapter 5 demonstrated the high levels of top management support across the surveyed sample. Chapter 6 built on this finding by uncovering the largely significant relationship between top management support and SERP implementation. The set of findings from

these case studies add nuance to the quantitative findings by indicating the different types of support that can be present within an organisation.

Top management support in this organisation is motivated primarily by the need to mitigate reputational risk. Whilst intuitive stakeholders would include customers, suppliers and regulatory institutions (e.g. Mitchell *et al.*, 1997), Case Beta put some emphasis on the need to maintain the perception of potential future employees, who would consider making a career in the tobacco industry. Case Beta's top managers, as shall be seen, also endorse the development and use of a sophisticated supplier management tool as well as the structured dissemination of information through non-formalised channels.

“The drum is beaten very strongly from above” (PM3)

This quote from the Global Head of Procurement Account Management summarises very effectively how top management support is shown in Beta. In concord with this, Beta's *Environment, Health and Safety Policy Statement* explicitly links its CSR efforts with a Board director stating that “[Beta's] Director, Operations and Information Technology has overall responsibility for environmental, health and safety management”. The policy also goes further as to stipulate a chain of command for CSR, whereby “each operating and end-market company must appoint a director or top team executive manager with responsibility for environmental health and safety management”. PM2 has seen this publicised responsibility translated into behaviour through comments made by Beta's Director of Operations and Information Technology. He described SERP as a

“licence to operate [...] it is not a ‘nice to have’, it is a fundamental need for a business of our scale and of our profile given what we are doing. It is an important part of our business strategy.” (PM2)

Beta's core business activity is widely known to be out of step with the institutional environment (*see* Beta's case context above) and the source of top management support is firmly found in their efforts to manage and mitigate reputational damage. In almost every interview at Beta, this issue emerged as a primary driver.

“Reputation risk is part of it...” (PM2)

“We want to be a responsible company in an industry that is seen as controversial.” (PM3)

“I think a big part of it inescapably is the fact that we have to manage our reputation very carefully” (PM5)

This motivation also appears in Beta’s organisational literature, where it states in its *Philosophy of Supply Partnerships* that Beta and its suppliers are “working together to minimise and manage business risk”. PM3 provides an insight into the underlying attitude that Beta’s top management have toward the relationship between engaging in SERP and risk management, in that it

“helps [Beta] to de-risk as far as possible and managing risk is a difficult thing to quantify, a bit like an insurance policy.” (PM3)

This attitude towards SERP highlights top management’s awareness of Beta’s controversial activity and the potential held within the supply chain to damage reputation if left unchecked or indeed to act as a buffer in the case of other reputational threats. An unexpected reference point at this stage of the interview was that, for both PM2 and PM3, SERP was said to contribute to Beta’s *employer* brand value, in terms of attracting talent to the business and to create the image of an employer that people could consider a viable career choice.

“...in terms of when we are looking to recruit talent, and talent is a really important part of our business, again given the somewhat controversial nature of our industry, it is important for us to be able to have a good employer brand, so that when people see [Beta], they see that there is a responsible global organisation...” (PM2)

This view emerged again with CSR4 who commented that more responsible efforts such as SERP help Beta to attract new blood to the business. She says that

“...it’s a people and culture thing, development of talent, career building, so that people would want to come and work, so that [Case Beta] could develop the skills and the expertise and offer a career to good talented youngsters that wouldn’t necessarily have really considered tobacco as a career option previously.” (CSR4)

Beta’s *Sustainability Report 2009* and 2010 supports these comments with sections dedicated to ‘People and Culture’, alongside issues pertaining specifically to the supply chain. Other artefacts were observed within Beta that supported the responsibility perceived and supported by the organisation. These included posters featuring ‘From seed to stub’ flow charts (Figure 37), photographs of the factories that were affected by decisions made at headquarters and, most pertinently, the Business Enabler Survey Tool: BEST, used to assess potential and maintain the relationships with existing suppliers.

Figure 37: Photograph of a poster displaying a ‘From seed to stub’ flow chart at Beta’s offices



“The 108 BEST criteria include employee rights and training, process control, quality philosophy, financial management, occupational health, safety and environmental management and the supplier’s ability to trace its own materials sources, including sourcing wood from certified forestry. Suppliers are asked to provide evidence that they comply with all relevant regulations and have policies, procedures and practices demonstrating a commitment to corporate responsibility, employment principles and good corporate conduct. The human rights criteria include working conditions, employee benefits, child labour, forced, bonded and slave labour, discrimination, collective bargaining and freedom to join unions, records of harassment, abuse or bullying and the history of any strikes.” (Written documentation from PM2)

From this summary, it can be seen that a variety of issues directly pertinent to the SERP agenda are addressed by the tool, which, in response to the current research sub question, can be considered as an artefact of top management support. An excerpt of BEST can be seen in Figure 38, which represents a typical question asked by the trained BEST reviewers.

Throughout the data collection process at Beta, BEST emerged as a very significant facilitator of the procurement function’s effort to engage in SERP activity. More of this role shall be said later. From documentation supplied by PM2, it can be seen that considerable amounts of investment have been put into the development of BEST. An example is the selection and training of 239 trained reviewers, who review suppliers on a regular basis. The documentation also summarises the contents of BEST.

The implementation of initiatives, such as BEST, is supported not so much by the formal organisational structure, but by an established, informal ‘chain of command’ for sustainability issues. Although the committees that disseminate the information are scheduled regularly, it may be deemed an informal process insofar as there is no formal report or depiction of this reporting structure. However, Figure 39 is the result of documentation obtained from CSR4 and depicts the flow of this ‘chain of command’.

In this respect, top management support is crucial, because the administration and execution of the ‘chain of command’ requires time and resource investment from Beta’s Group Heads, the highest managerial tier below the Board, and therefore exists with the agreement of top managers who are charged with formal responsibility of the procurement function.

This ‘chain of command’, with the Group Head of Environment, Health and Safety (EH&S) at the top, runs in parallel to the traditional commercial line management that can be seen in Figure 40, headed by the Group Head of Procurement. With support from documentation that has been synthesised into Figure 39, CSR4 describes committees that constitute this ‘chain of command’, of which the task is to communicate and identify the practical application of policies ratified by the Board.

CSR4: “So, there is a bit of governance around this, so you have got the steering group who are the seniors and [the Group Head of EH&S] chairs that...”

Interviewer: “Ah yes, this is that three-tiered process and [the Group Head of EH&S] is in that one [pointing to CSR4’s diagram]... so she is in that one and you chair that one?”

CSR4: [indicating the reverse] “No, I am in that one and then I chair this one. And then the teams themselves, well, then my leads use their communities to deploy what we are doing.”

Figure 38: An excerpt from the 'BEST' questionnaire

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C. MANAGEMENT POLICY

Part 2: BUSINESS PRINCIPLES

The Supplier should be able to demonstrate that they are in compliance with all appropriate regulations, and have policies, procedures and practices which demonstrate a commitment to Corporate Responsibility, employee welfare, environmental care and good corporate conduct. Supplier should have evidence of their Business Principles.

7. Corporate Conduct & Business Practice

(a) To what extent can the supplier demonstrate that they are committed to good corporate conduct and social and environmental responsibility?

Question	Rating Criteria				Score
	0	1	2	3	
	Unacceptable/High Risk	Unsatisfactory/Medium Risk	Satisfactory/Low Risk Best International	Practice/Minimised Risk	
Commitment to good corporate conduct and social and environmental responsibility?	No policy in place, no understanding of requirement	Informal policy and some evidence of activity	Policy in place, good understanding at management level	Formal, published policy, embedded throughout Company. Evidence of activity. Reviewed and updated. Performance against policy externally audited.	

Guidance Notes

1. Does supplier have written Standards of Business Principles detailing Corporate Conduct and Responsibility? How is it communicated and published? Ask for a copy.

2. Do the principles that refer to Responsible Product Stewardship align with customer concerns and statements?

3. How are the Principles enforced and reviewed and part of the continual improvement process?

4. How does the supplier promote high standards of behaviour and integrity? Are employees required to sign an ethics agreement? Is supplier's performance against Policy internally/externally audited?

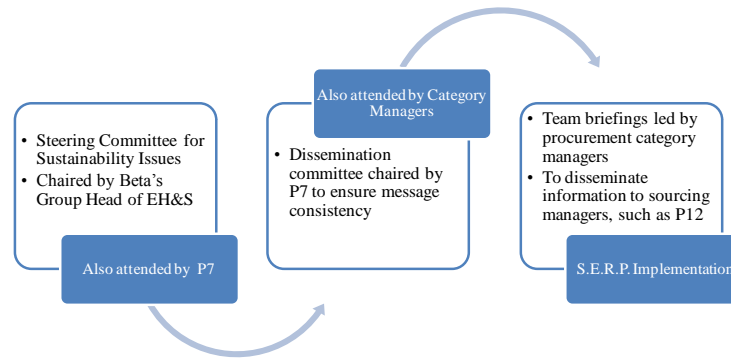
5. How does the supplier demonstrate their commitment to social responsibility towards the environment?

6. How does the supplier demonstrate their commitment to social responsibility towards the local community? Provide any examples of local initiatives, e.g. sponsorship of local education, sport or environment improvements. Consider appropriate efforts in the given location.

7. Do you have a facility for employees or sub-contractors to raise concerns safely and confidentially about breaches/ violations of corporate codes/ employment policies/ human rights/ environmental care?

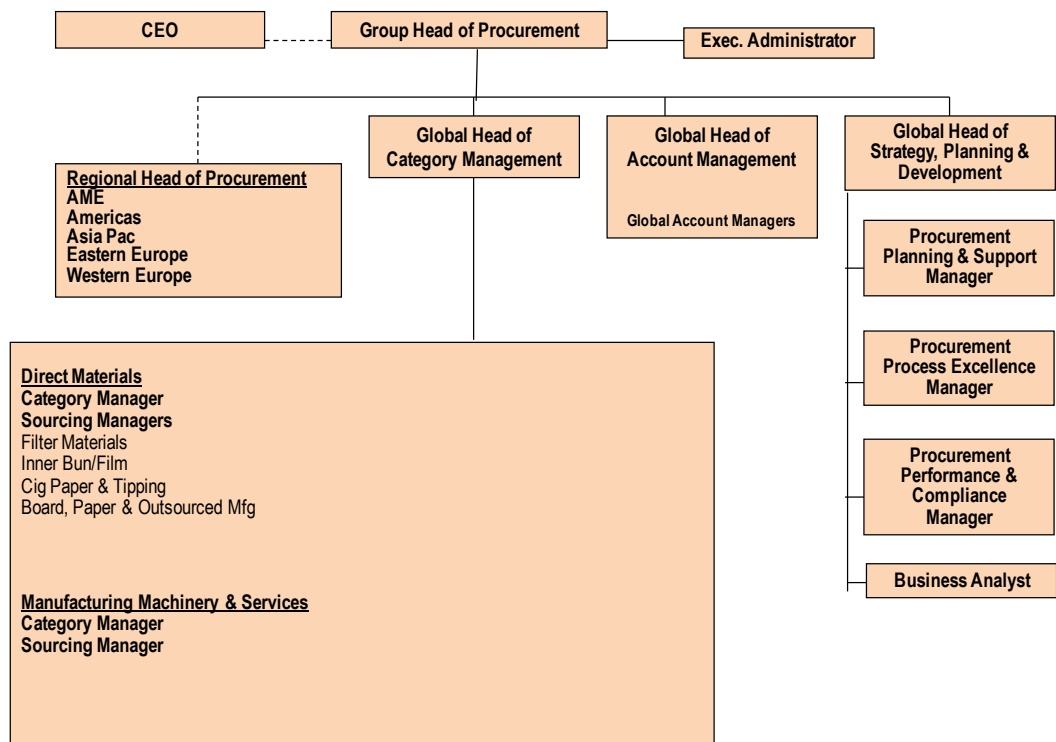
The steering committee, at the highest level, is chaired by Beta's Group Head of EH&S. CSR4 is also part of this committee. CSR4, in turn chairs a committee that disseminates tailored information to different parts of the procurement function, e.g. Leaf Procurement and Direct Materials (Figure 39), and so on.

Figure 39: Part of the Chain of Command of sustainability issues in Case Beta



In contrast to the formal, 'commercial' responsibility that the procurement department has to the Group Head of Procurement (Figure 40), this 'chain of command' for sustainability issues lies outside of the official, 'commercial' line management that Beta has in place. This is clearly seen by the command stemming from EH&S flowing into the procurement function (Figure 39).

Figure 40: Formal organisational structure



8.3.1.1 Summary

These findings of how Case Beta's top management supports SERP are emphasised by the seniority of the participants in this piece of research. In the formal organisational structure depicted in Figure 40, PM2 and PM3 were removed from the CEO by only their immediate line manager: the Global Head of Procurement. Given the workload at such levels in the organisation, the priority given to speaking about Beta's efforts in this area reflects the salience of the issue at an organisational level.

Apart from this observation, support for SERP is provided in Beta principally in five ways, summarised in Figure 41.

Figure 41: Summary

How top management in Case Beta supports SERP implementation
By framing SERP as an important method to mitigate reputational risk
By framing SERP as an activity that enhances the organisation's employer brand image to potential employees
By publicising the responsibility of individual top managers and of their counterparts in Beta's operating businesses to ensure SERP implementation
By endorsing the existence of and contributing to the development of the Business Enabler Survey Tool (BEST): a mechanism to assess suppliers' social and environmental performance
By endorsing the existence of and contributing to the 'chain of command' that serves to disseminate information regarding SERP from top management down to procurement managers

The following section presents the findings of the next research question.

8.3.2 *How do subcultural differences affect the implementation of SERP in Case Beta?*

The aim of this research question is to uncover characteristics and mechanisms within the organisation that facilitate or hinder SERP implementation. This question operationalizes the recognition in the conceptual framework (Chapter 3) that the implicit view in the extant SERP literature, that organisational cultures are integrated,

may inadvertently disguise internal opportunities and barriers to SERP implementation. In so doing, this question is linked to the differentiated view of organisational culture and allows subcultural differences with regard to SERP implementation to emerge.

A variety of actions are observed to facilitate and hinder SERP implementation at the subcultural level. Facilitators include recruiting individuals with the right attitude towards SERP; focussing SERP efforts on the supply chains of materials central to the organisation's operations (referred to as 'direct materials'); and using 'sustainability coaches' as representatives of top managers' values at lower levels of the organisation. Barriers in Case Beta's subcultures, on the other hand, include the cultural 'baggage' of operating companies after acquisition; the attitudes of departments that are not involved in procuring or processing 'direct materials'; and a lack of understanding of the benefits of engaging in SERP activities. This section now presents the evidence supporting these findings.

CSR4's considerable experience working at Beta has taken her through some of organisation's biggest structural changes, including some of its most important mergers. Incorporating these businesses as part of Beta's fleet of operating companies has been a notable obstacle for SERP implementation.

Interviewee: "...if it was that easy, everybody would be doing it [SERP] already, wouldn't they I guess?"

Interviewer: "It's true. Why do you think it's so hard?"

Interviewee: "Well history, baggage, I think it is probably much harder at group level than in a factory or in my little example here you have got it is a big old company [Case Beta]. At the group level there is a fair amount of politics as in any big organisation. And you have also got this idea of central management versus a federation of companies." (CSR4)

Here, she alludes to the friction created by the 'baggage' of organisational cultures and institutionalised practices when Beta acquires a business. This would include processes such as the redefinition of reporting structures and managerial roles in the newly-

created operating companies as well as the streamlining of any duplicated resources. This type of friction is not solely a product of mergers and acquisitions. Attitudinal differences are also perceived between managerial functions by the procurement department.

“While we have buy in from suppliers they respond to our request in terms of materials that we would like to use, and I think the barrier is more internal in as much as there are some functions that don’t get it, we have fully ‘bought in’ in operations, procurement and EH&S; we are fully bought in by what we stand for, what the corporate strategy tells us and how that links to the raw materials that we buy, the direct [materials] that we buy. But some of the other guys who are perhaps maybe product design and marketing, those type of folks, it [SERP] doesn’t necessarily have the same amount of traction with those guys. And so we can find ourselves sometimes where we have a sub optimum pack design that doesn’t meet all the environmental requirements that we would like it to meet” (PM5)

This extended quote from an account given by the procurement manager, PM5, highlights the different degrees of ‘buy-in’ in various departments within Beta. The participant emphasises the friction with departments that traditionally focus on customer or consumer needs rather than those of the supplier. Furthermore, PM5 differentiates between those parts of Beta that ‘buy-in’ to the SERP agenda and those that do not on the basis of product classification: direct or indirect, *i.e.* between materials that are used in Beta’s core manufactured product, such as cigarette paper and tobacco leaf (direct), and those that are not, such as marketing materials and stationery (indirect). The contribution direct materials can make to fulfilling Beta’s SERP agenda is greater than indirect materials (PM5).

The process of applying SERP is an inherently ambiguous process that demands not only ‘buy-in’, as seen above, but also, as a precursor, shifts in the focus of attention to areas of business strategy that have not as yet developed into a clear path of action. The Procurement Account Manager, whose task it is to communicate the demands of

internal stakeholders to the procurement department, outlines that attitudes toward ambiguity have proven to be a notable barrier to SERP implementation in Beta.

“...[the Group Sustainability Projects Manager] was saying to me we have got to get sustainability embedded into procurement, I am like ‘well, I agree with you we have to but what does that, what have we got to do?’ And she was like, ‘well, it is different for different categories’. I was like, ‘well fine how do I describe it?’ And then, so then I will be saying to my bosses we have got to get sustainability embedded into procurement, and they are like ‘I do not get it; what are we talking about?’ They get really, it is this whole thing of trying to manage, um oh jeez, ambiguity. And you would not believe these days how many job profiles we have got that says critical success factor for the successful candidate is the ability to manage ambiguity.” (PM4)

PM4 has also experienced the effects of ambiguity in the procurement department, which manifests as resistance to change.

“[The procurement managers] get even more defensive because they have got this shiny new toy that is all the defined procurement processes that is considered state of the art best practice [...] and they are like ‘oh no, no, what are you doing? You are trying to change; you are trying to redefine how we do procurement’. Because no one at that stage understands its potential, it is quite a big threat.” (PM4)

Despite these areas of disunity, there is evidence within Beta of some considerable unity between the organisation’s support to implement SERP and that of the procurement department. Beta is also engaging in initiatives to reduce attitudinal differences towards SERP activity. In line with PM5’s perspective on the cause of attitudinal differences between departments, there is evidence of Beta’s efforts to concentrate on engaging in SERP through the products that are most central to its activity.

“[Some stakeholders said] ‘that’s very noble but what’s it got to do with the business? We did quite a lot of stakeholder engagement and the feedback was that [many of our initiatives before 2006] were not business relevant, there is too much, [...] you need to be more focussed.’” (CSR4)

As a procurement manager procuring materials ‘that are relevant for [Beta]’ (*i.e.* direct materials), PM5 shows a high degree of congruence between the values he exhibits and the behaviour supported by Beta as an organisation. Beta’s stance on sustainability was also mentioned at the interview stage before employment. He states very confidently that Beta’s approach to these issues ‘resonated immediately’ with his own value set, alluding to the positive influence this aspect of Beta’s operations had on his decision to accept the offer of employment (cf. concerns of employer brand image expressed earlier by CSR4, PM2 and PM3).

“It is part of the corporate DNA and people want to do it, they want to behave in that way.” (PM5)

“...[we wouldn’t behave any other way] because it goes against everything that we stand for.” (PM5)

Among the participants, all of whom were part of the core body of Beta (as opposed to merged operating companies), there seemed to be a notable degree of attitudinal similarity between the different levels of management. When PM2 was asked if he could identify any conflicts in employees’ attitudes toward SERP, he replied firmly in the negative and elaborated that the likely reason is that

“...it has probably a lot to do with the messages from EH&S and the Board, so it’s [in the] core messages. [...] We are very clear about all these things and it is one of those core platforms on which we all do business. So do you find people who say sod that why don’t we just, no, I have not come across it.” (PM2)

CSR4 referred to the efforts Beta is making to reduce any remaining differences and empower people at lower levels of Beta's hierarchy to engage in the initiative. In much the same way as PM5 refers to his recruitment process (and as PM2 mentioned in the previous section), the importance of recruiting like-minded people emerges again when CSR4 refers to subcultural differences that can help SERP implementation based on the attitudes that the younger generation working at Beta has toward SERP initiatives.

“...we had a lot of new recruits into R&D, a lot of youngsters that were perhaps a bit more aware of some of the issues that we were talking about. So we didn't have much of a problem at all in getting willing people to be part of what we were trying to establish.” (CSR4)

Recruiting for Beta has emerged at two levels of analysis, whereby, in the first instance, it served as a motivation to continue engagement in sustainable practices as a cause to attract new talent. Lower down the organisation, recruiting the younger generation has facilitated Beta's engagement in sustainable practices, as it is very much part of the new generation's culture and understanding. In addition to the recruitment of the younger generation, this participant also uses two other pertinent examples of efforts to reduce subcultural differences in Beta. The first is the use of 'sustainability coaches' and the second is tailored communications.

A 'sustainability coach' is 'an ambassador for sustainability' (CSR4) in a particular department, who 'would act as a communicator to the rest of their team' as well as a 'user of the new business sustainability tools being applied within [Beta]', which enable teams to systematically consider the risks involved in their projects. Through their role as communicators, sustainability coaches also empower their co-employees to develop initiatives in their own areas of the organisation. CSR4 illustrated this point with an anecdote of a logistics clerk serving the research and development arm of Beta, who, together with his divisional sustainability coach, was able to retrain his internal customers' to create a smoother demand pattern that allowed reduced truck usage. As CSR4 explains:

“...with [his sustainability coach’s] help, we did a little scenario of the truck, when it is empty, when it is full, the miles, the carbon footprint related to it etc. The suggestion in his plan was that I will run the truck then, then, then and then and you arrange your requirements around when the truck is delivering, so he just turned it on its head. But what we were able to do is instead of just individually saying, ‘please can you do this’, he actually did a little story as to why it was going to make sense and of course everybody went, ‘why didn’t you tell us that, yeah of course we can.’” (CSR4)

CSR4 recognises that this may not have happened in any organisation. Beta’s attitude toward process change is based on flexibility when the change is grounded in a clear business case in line with Beta’s strategy. She outlines the attitude Beta has toward process change that empowered this logistics clerk to act from his point of view:

“...do you know what I could do this better, but I don’t know how to ask to get it done better, [...] am I allowed to an extent to challenge the status quo or the way it has always been done and of course the message was quite clear: yes you are allowed.” (CSR4)

“...part of the message within the [logistics] community there is that everyone here has got a contribution to make, everyone and we can think differently and behave differently in our decision-making whether it is a small decision like [the logistics clerk’s] here or if it is a big company decision, if it about informed decision making.” (CSR4)

The messages regarding SERP are also communicated in a tailored fashion according to CSR4. She explains that after some organisational change, Beta engaged in a session of tailored communications to re-engage procurement managers who had lost their sustainability coach in the period of change.

“...we had a programme of events – we had a day event here, it was on all the comms forums and, as I say, it was relatively easy because it was a small community that, yes it was easier than in the broader supply chain influences if you see what I mean. So we did, I think, quite well because it was relatively simple and uncomplicated and people got it in that community.” (CSR4)

Targeting a specific community within Beta made CSR4’s job of communicating the message of SERP internally easier, as she was able to distil the information into bullet points that directly affected the actions of procurement managers.

In light of these efforts to engage employees in SERP, some evidence emerged from the data collected from a candid Procurement Account Manager (PM4) that suggests that, for a lack of buy-in at top management level, the organisational culture around SERP implementation actually originates at the level of middle management. When asked what she perceived to be the barriers to developing SERP policy, PM4 stated

“The barrier or the thing that makes it tough is that it is not coming from above. [...] it is not coming from above in the form that you need it to. [...] just at that top level of procurement the word sustainability features there a couple of times, we need to do something about sustainability, it does not describe it. Um, so the kind of definition, description, of it is being generated at our level.” (PM4)

“It is recently coming to light that it is not that really well supported in that area above [the Group Head of EH&S]. But the lip service is there. So they say oh yeah, you know, this sustainability, it is our way of working. But that is easy to say. We know that there is a lot of stuff that really needs to be done.” (PM4)

This evidence of top management dissonance within Beta is supported by comments by CSR4 who describes Beta’s project management processes as “...[lacking] guidance, consistency in the approach and a lack of discipline”. This was later remedied by

middle management, according to CSR4. These are the only pieces of evidence suggesting a certain level of difference between what top management support to be done and their action to communicate this support to the rest of the organisation. However, the nature of the comments from employees at Beta, whose direct line manager is a member of top management (*e.g.* PM3, who is PM4's direct line manager) are particularly interesting, given the incongruence between them and those given by other participants.

8.3.2.1 Summary

The presentation of the findings of the second research question has highlighted a variety of issues at the subcultural level that both help and hinder SERP implementation (Figure 42). A notable characteristic of the employees exhibiting little difference in their agreement with top management's support for SERP is their involvement with materials that are used directly in Beta's core manufactured product. Apart from this characteristic, the findings exposed other manifestations of organisational subcultures that act as facilitators and barriers at this level of analysis that are tabulated below.

Figure 42: Summary

Facilitators of S.E.R.P. in Beta	Barriers to S.E.R.P. in Beta
Focussing on procurement activity in direct materials	The cultural 'baggage' of operating companies after acquisition
Recruiting individuals with the right attitude toward sustainable practices	The attitudes of departments that are not involved in direct materials
The use of 'sustainability coaches' to empower employees and communicate messages from top management	Lack of understanding of the benefits of engaging in S.E.R.P.
Simple, direct and tailored communication	Ambiguity associated with S.E.R.P. implementation.
	Lack of top management support

Subgroups' cultures have been directed to advance Beta's efforts to implement SERP through the use of 'sustainability coaches' and tailored communications from top management. These subgroups also facilitate implementation when they are procuring

materials used in Beta's core manufactured product and when individuals with attitudes conducive to sustainable practices have been recruited into roles that engage with SERP activity.

Beta's growth through merger and acquisition has given rise to barriers to SERP in subcultures that were once part of another organisational entity, as employees in acquired organisations were set in cultures and patterns of working that are under pressure to change and adhere to the values of Beta's top management. Within Beta itself, interview participants also identified the attitudes of those procuring 'indirect' materials as a barrier to its implementation.

The following section will present the findings of the final research question.

8.3.3 How are organisational and human resources used to implement SERP in Case Beta?

The aim of this research question is to identify, in line with Barney (1991), organisational and human resources that have developed within the organisation to facilitate SERP implementation. This question is rooted in the conceptual framework (Chapter 3) that supports the literature advocating the necessity of resources (e.g. Côté *et al.*, 2008; Welford and Frost, 2006; Bowen, 2002) and goes further as to argue that these resources must also be allocated to the procurement department for the implementation of SERP policies (Simpson *et al.*, 2007; Carter *et al.*, 1999).

A set of core resources used to implement SERP by the procurement department (Andersen and Skjoett-Larsen, 2009) were identified through the inductive analysis of the data collected at Case Beta. This section presents the four resources that emerged as important factors influencing Alpha's effort to implement SERP policy. They are i) the process of policy implementation; ii) training; iii) supplier engagement and development; and iv) organisational learning.

In brief, the evidence suggests that a sophisticated, inter-departmental process is in place in order to translate stakeholder pressure into practice in a structured manner. The process has a formalised and an informal component. The former takes the form of a

supplier management survey tool (named ‘BEST’) and the latter is a cascade of inter-departmental meetings from top management down to the procurement managers to transmit information (referred to as the ‘chain of command’). There was some evidence of training. However, this seemed to be reserved for certain members of the procurement department (i.e. ‘category managers’). Training also seemed to be heavily substituted for the tailored recruitment of individuals with the relevant knowledge both from outside and from other parts of the business.

8.3.3.1 Process of policy implementation

The degree to which Beta’s strategy of responsibility is embedded into its practices gave rise to the participants’ referral to Beta’s overall procurement strategy supported by repeated statements that SERP is part of this strategy. Furthermore, CSR4 stressed how important it is to not “bolt something on but build it in, [to] build it into existing processes, so people don’t see it as something else I have got to do, that it is part and parcel of what you are doing.” This is to say that CSR4 finds merit in *consciously* institutionalising SERP practices, making them part of that which already exists in terms of organisational process.

Two key elements of the process emerged from the data collected from Beta. The first is the use of ‘category strategy’, depicted in Figure 43; and the second is the process of creating, communicating and implementing policy.

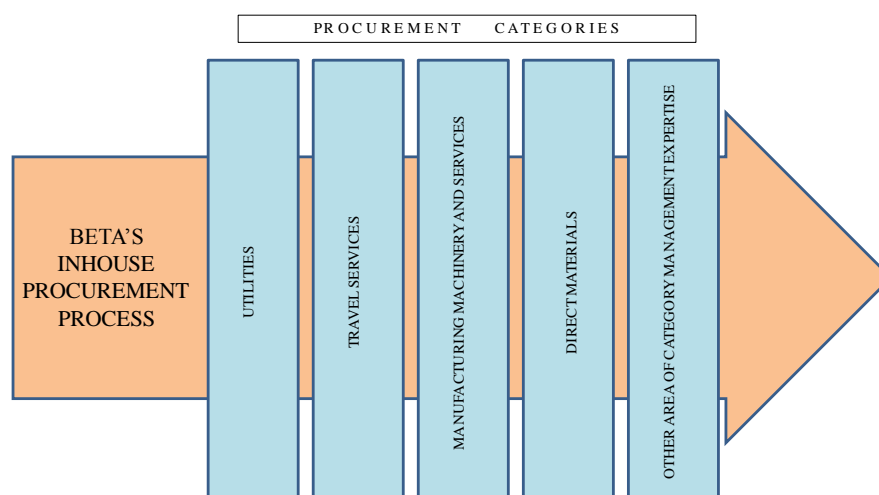
“...so in terms of taking these policies and practices we have on the website and turning it into something real, the route is category strategy.” (PM3)

Category strategy is the result of the procurement department’s efforts to respond to the organisation’s needs in its capacity as an internal service provider that “makes sure that, in supporting the business in spending its money, it takes account of everything...” (PM2). In an effort to move away from procuring goods and services individually, on an *ad hoc* basis, Beta’s version of category strategy facilitates the procurement of the same goods and services at a level that is ‘above market’, *i.e.* that groups individual goods and services into families or, in this case, ‘categories’.

As could be seen in the organisational structure of Figure 40, each category is headed by a Category Manager, who works with a number of managers sourcing goods and services belonging to that family. PM2 states that “...[Beta has] defined processes for how we manage the categories, how we manage the sourcing of those categories, how we manage the suppliers within them.” Figure 43 shows correspondingly that the procurement process of tendering, negotiating, contracts and logistics in every category is identical and it is in fact the categories that differ.

“...if [a category manager], as part of his development, happens to be moved into a completely different category, the process would be the same, what is different is the expertise...” (PM3)

Figure 43: Category strategy in Case Beta



Emerging from the data with top managers in Beta is the organisation's thirst for expertise (this description as 'thirst' will be explored later). Based on their knowledge and familiarity with the product category, category managers are selected.

“...we are actually not leveraging our knowledge [...], that is the other thing about these categories, so instead of having people who are jacks of all trades, we have got masters of specific ones.” (PM3)

As ‘masters of specific trades’, top management expects category managers to be able to translate the support for SERP implementation at policy level into practice through their knowledge of their specific markets. PM3 explains that these needs come from EH&S, the department that drives the sustainability agenda across the business. In their response to this need, PM3 would expect that the category manager leverages his knowledge to apply it to his or her specific category.

“...we have got a category manager, a full-time guy who is there to understand the supply market working with my team and understand the business needs [for SERP implementation that] comes from the EH&S community... So in being a specialist in that industry, in knowing just how that industry works outside, he [the category manager] will know a lot about things like renewable sources of fibre [...] whereas a generalist who has got to get across a whole raft of categories may not have the opportunity to have that depth of knowledge, the knowledge is important.” (PM3)

The recognition that the knowledge between categories and associated industries differs so greatly allows Beta to focus their recruitment efforts more effectively with the expectation to train new category managers in Beta’s process of procuring the goods and services that they have identified to correspond to Beta’s needs most closely, including those of EH&S.

The use of category strategy in Beta features in the overall process that emerged from the data collected for the case (Figure 44)⁵⁰. Recall PM3’s metaphor that category strategy is a route for Beta to follow in implementing SERP policy. It thus represents the divide between policy creation and policy implementation.

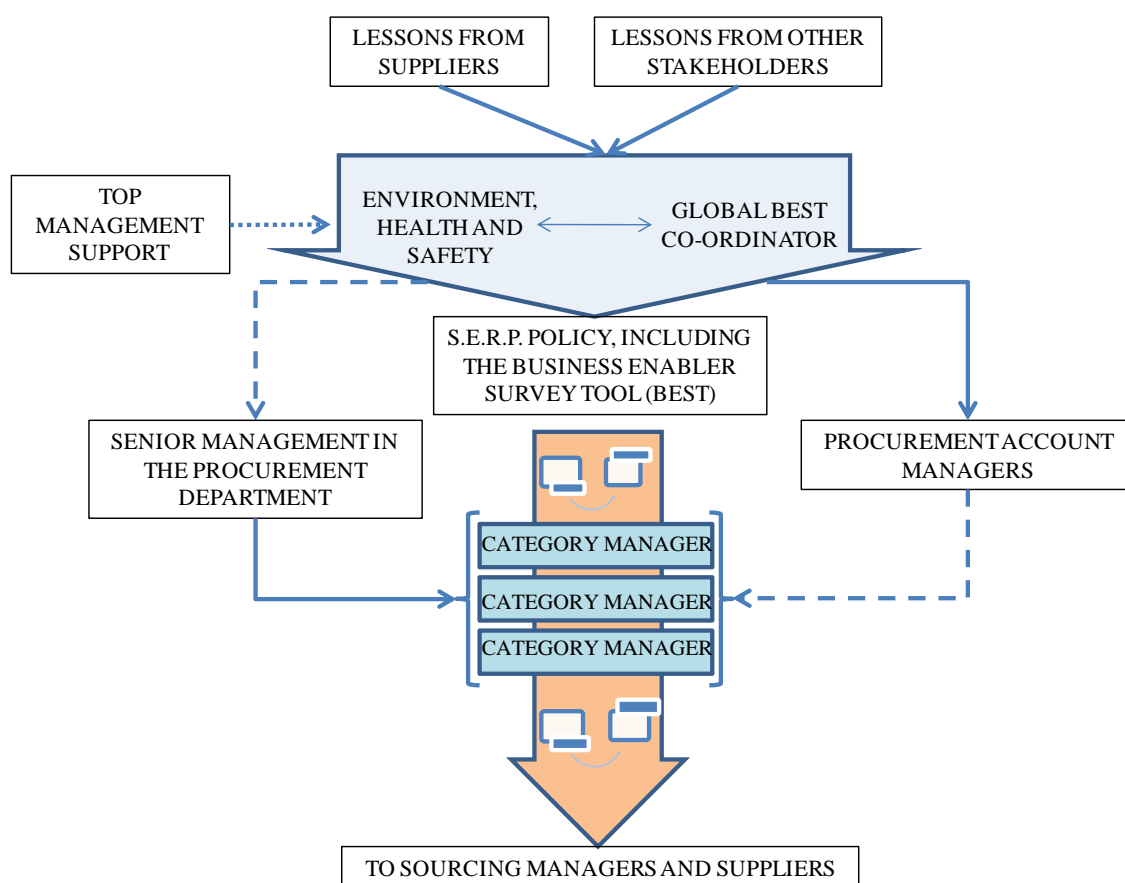
The efforts made by Beta’s EH&S department to learn about SERP issues from its suppliers and other stakeholders are where the process of policy creation begins. EH&S periodically holds stakeholder dialogues on SERP issues involving representatives from a variety of stakeholder groups, including competitors, suppliers, NGOs and academia.

⁵⁰ Solid lines denote formal relationships; dashed lines denote informal relationships; and dotted lines denote relationships for which there is conflicting evidence.

The researcher was able to participate in one such session with regard to Beta's efforts to use water more efficiently. The outcome of each dialogue is facilitated by a third party and serves to shape Beta's action in the subject of the session, *e.g.* sustainable water usage. To encourage frank participation, the sessions are held under Chatham House rules, in order to protect the identities of all participants.

The lessons that Beta learns from its suppliers supplement those learnt from other stakeholders. PM5 commented on "...a workshop that [the Group Head of EH&S] headed up with all the suppliers a few months ago where [Beta] actually looked at some of the key sustainability issues." When asked whether he believed that these workshops made policy more successful, he replied very positively.

Figure 44: Policy creation and implementation process at Case Beta



Other evidence of Beta consulting its suppliers on SERP issues is rooted in the possibility of learning how to approach issues of supply chain responsibility from organisations that are facing similar problems. When PM2 was asked to explain why Beta's suppliers were an influence on its procurement strategy, he commented

“...the suppliers are in exactly the same situation, they are Plc.'s; they have all the same issues, as so if we are going to work with a company, we will work with a company with whom we have a relationship [i.e. something in common as opposed to a commercial trading relationship].” (PM2)

These consultations with suppliers and other stakeholders feed into a relationship that spans general sustainability and the procurement function. This is to say that it provides input for the relationship between EH&S, ‘the driving force behind Beta's SERP agenda’ (PM4), and the Global BEST Co-ordinator. The task of the latter is to review, improve and co-ordinate Beta's efforts in SERP with the Business Enabler Survey Tool (BEST) in its procurement activity. The Global BEST Co-ordinator also has the responsibility of developing a sustainable procurement policy according to PM4, who states that “...[the Global BEST Co-ordinator] is owning it now, she has come in to own it and drive it forward” and that “...[the Global BEST Co-ordinator] is leading the work stream and she will be talking to other procurement colleagues and to customers.”

The communication of SERP policy is disseminated in three ways. The first is through BEST in its capacity as a tool used to select, assess and develop suppliers based on SERP-related issues, as described earlier. The second is through the formal relationship between EH&S and the Procurement Account Managers. In describing her role as a Procurement Account Manager within Beta, PM4 explains

“So I work with global EH&S, i.e. [the Global Sustainability Projects Manager] and the team to define and agree work streams that procurement can do that will help drive towards increasing our sustainability.” (PM4)

She later reiterates that she “facilitates the dialogue between EH&S and procurement on what it is that [they] are going to agree to do.” PM4’s role provides a single point of contact for all of Beta’s departments who would like to communicate with procurement. It also prevents every department from contacting procurement directly with many potentially conflicting requests. In the context of SERP, EH&S is one of PM4’s key internal customers and is therefore categorised a formal relationship.

The third method through which SERP policy is disseminated is through the informal relationship between EH&S and the senior members of the procurement function. Structurally, the informality is actually rooted in previous formal relationships insofar as that Group Head of EH&S “was the Head of Procurement at one point and she has managed factories all over the business and run Western European Operations” (PM3). This position previously held by the Group Head of EH&S provides an exceptional foundation, whereby she is well known in the business and performs well enough for her to be appointed to two senior positions within Beta. Additionally, further consideration of the amount of time the participants have been part of Beta reveals the possibility that the Group Head of EH&S has once been the direct line manager of PM2 and PM3 (Figure 45). In terms of the informal relationship, these two managers provide some insight.

“As part of our category strategy development, we are increasingly getting involved with Barbara and the EH&S community.” (PM2)

“...as we get into [the detail of implementing SERP], of course then we would then naturally have an engagement with EH&S.” (PM3)

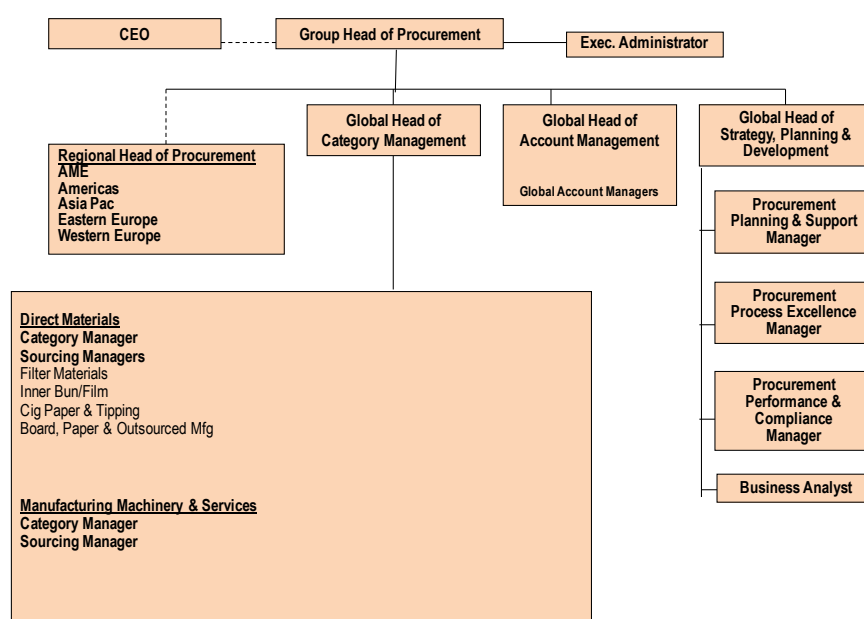
“...at the same time [the Group Head of EH&S] would be asking us questions about what information do we have [for the reports compiled by EH&S]...” (PM3)

These three excerpts from interviews from two senior managers in the procurement function highlight that the relationship between EH&S and the senior managers only serves to further the SERP agenda. Whilst this is unsurprising given that SERP is the natural overlap between the roles of EH&S and the procurement function, there was no

formal organisational chart available at the time of data collection detailing any mandatory facet of the relationship or official connection between the two departments.

The final two relationships in the implementation of SERP policy at Beta are, firstly, the formal relationship between senior managers in the procurement department and the category managers; and, secondly, the informal relationship between the Procurement Account Manager and the category managers. The first formal relationship is gleaned from the organisational chart depicted earlier that has been repeated here.

Figure 45: *Formal organisational structure repeated*



The informal relationship between the Procurement Account Manager and the category managers is made clear by PM4, who comments on her low level of authority over procurement managers despite her role of communicating the needs of the rest of the business.

“...that comes to your point about barriers. I am managing them through, you know, influence and, you know, mutual understanding and learning and stuff [...] and it can be quite tough when you are trying to drive a [internal] customer-focused priority to what you are trying to do” (PM4)

“It is all done by cooperation and, like do me a favour, and just general understanding that we support each other. And it seems to work on that basis. Which is fine to a point.” (PM4)

“There is a need to work very efficiently and to drive priorities and to make sure that people are aligned. And that is where at times I could actually do with a line of authority...” (PM4)

The role of top management in this process is ambiguous. The evidence presented in response to the second research question was largely congruous with top management being a supportive force within the organisation. However, their support may come in confusing forms – to reiterate the comments of PM4:

“The barrier or the thing that makes it tough is that it is not coming from above. [...] it is not coming from above in the form that you need it to. [...] just at that top level of procurement the word sustainability features there a couple of times, we need to do something about sustainability, it does not describe it. Um, so the kind of definition, description, of it is being generated at our level.” (PM4)

“It is recently coming to light that it is not that really well supported in that area above [the Group Head of EH&S]. But the lip service is there. So they say oh yeah, you know, this sustainability, it is our way of working. But that is easy to say. We know that there is a lot of stuff that really needs to be done.” (PM4)

This concludes the explanation of Beta’s process of policy implementation. The following sections explain the roles of training, supplier engagement and development and organisational learning.

8.3.3.2 Training

The level of training with regard to SERP is overall very low given the amount of support observed earlier. Many of the interview participants reported a total lack of training. When the procurement manager, PM5, was asked if he had been given any training on SERP, he replied

“Not any ongoing formal training, no.” (PM5)

Moreover, some evidence came to the fore that suggests that, rather than on helping individuals to develop skills to fulfil top management’s support for SERP, the emphasis is put on the individual’s current SERP skills and knowledge. PM4 explains that “all the different roles [she has] done and [her] knowledge of operations and the customer was the thing that qualified [her] for the role”. However, she explains that once she had come into the role, some role specific training was provided.

“...once I was in the role the training was really brilliant because we have procurement academies, account management academies, and all of this about understanding how to manage relationships, how to deal with conflict, all these different theories and we have even got tool box that we use. There is this toolbox that we use to manage all of the accounts. So things like account plans, we have, we actually have a formalised process that sits behind it...” (PM4)

Whilst this training is role specific, the proportion and focus of this that is relevant to SERP is debatable, as PM4’s role is one of a moderator who communicates synthesised and coordinated information from internal customers to the procurement department. Indeed, and unsurprisingly, the training that PM4 focuses on contains no reference to Beta’s SERP initiatives. A similar symptom was seen in the explanation provided by PM3 of the training provided for category managers.

“We don’t have that many category managers, about 20 or so, [and] we ran I think twice last year, we ran a category management course: a four-day course to teach our process that goes across the

whole thing [to complement the expertise of their specific area that they bring]...” (PM3)

The main difference between the two descriptions given by PM4 and PM3 is that the latter refers to the process of procurement that is aligned with the procurement strategy (Figure 43). Therefore, a reasonable implication of PM3’s statement, supported by his earlier comment that category strategy is ‘the route’ to translating Beta’s policies into practice, is that part of the training given to category manager contains their contribution to responding to this part of Beta’s procurement strategy.

8.3.3.3 Supplier engagement and development

“Supplier management – that’s where BEST will fit in...” (PM4)

Beta’s interactions with both potential and existing suppliers are very formal in the form of BEST, the Business Enabler Survey Tool. As described earlier, this tool was developed in order to facilitate Beta’s assessment and evaluation of its suppliers’ ability to respond to its requirements, including the issue of SERP. The tool contains 108 criteria that can be grouped into 11 supply chain issues, such as ‘employee rights and training’, ‘financial management’ and ‘human rights’. There are 6 SERP-related issues out of the 11. CSR5’s role within Beta is to co-ordinate how BEST is used at a global level and she is adamant that

“...this isn’t an audit, it is looking at ways that we can work together [with suppliers] to improve how we are doing things.”
(CSR5)

Beta’s procurement manager, PM5, also supports this saying that “BEST is not a one way street where we are dictating to suppliers; we can learn an awful lot [from them]”. A key aspect of BEST’s role as a tool to implement SERP emerged in conversation about the tool’s use. As described earlier, BEST is carried out by over 200 dedicated reviewers, whose task it is to visit suppliers and assess them against the current criteria.

“...we go to every supplier site, [...] all the factories would be on that BEST schedule and what it is, a team of up to 6 people from [Case Beta] go to a supplier site and undertake over 2 to 3 days a survey of different parts of their processes. [...] there is then a feedback session at the end with the supplier’s senior team which gives them really an overview of the areas that we have seen that we liked and the areas that we think are opportunities for improvement.” (CSR5)

Importantly, it is this feedback session and opportunity to improve levels of compliance with SERP criteria that distinguishes the processes from other largely unidirectional monitoring processes. CSR5 goes on to explain that a supplier would then be given time to respond to any areas of improvement identified by the BEST reviewers.

“...once the report has been received by the supplier they then have four weeks to turn any of the areas of improvement into an action plan to make sure that we are capturing the things that we have picked up, and then that action plan is fed back to the person who is responsible for that supplier within procurement to follow up.” (CSR5)

A further characteristic of this process that distinguishes it from other ‘monitoring’ processes is how suppliers are engaged by Beta once the review process is complete. Once a supplier is certified, “...a senior member of procurement will then go back to that site and present them with a plaque and really just stress to them how important it is to [Beta]...” (CSR5). This mechanism that Beta employs to engage with suppliers builds supply relationships and may enhance suppliers’ reaction to further changes made to Beta’s procurement policy (see Bowen’s [2001b: 49] treatment of ‘awards’ that “can have high positive environmental visibility [...] but with a low cost outlay to the company”).

8.3.3.4 Organisational learning

Knowledge acquisition regarding SERP issues at Beta's procurement department is both strategic and collaborative. The strategic element centres upon Beta's activity to bring new blood into the department to facilitate SERP implementation. It became apparent how important it is for the procurement department to attract new talent and how this new talent in the younger generation is able to contribute toward the SERP agenda. As CSR4 explains:

“...it's a people and culture thing, development of talent, career building, so that people would want to come and work, so that [Case Beta] could develop the skills and the expertise and offer a career to good talented youngsters that wouldn't necessarily have really considered tobacco as a career option previously.” (CSR4)

Despite the general nature of this comment, it is important to realise that recruiting new talent brings not only individuals' knowledge regarding SERP but also that their recruitment affects departmental attitudes towards it. It was also discussed how important the 'route' of category strategy is to the strategic aspect of the procurement department's SERP implementation effort. By default, the knowledge that each category manager has of his or her particular industry in order to put SERP policy into practice effectively in his or her field of expertise.

“...the [SERP] policies we have here are delivered through category strategy, working with the business and these guys' [category managers'] knowledge [of SERP]...” (PM3)

“So in being a specialist in that industry, in knowing just how that industry works outside, he [the category manager] will know a lot about [SERP]; things like renewable sources of fibre [...] whereas a generalist who has got to get across a whole raft of categories may not have the opportunity to have that depth of knowledge [of SERP issues in a particular industry], the knowledge is important.” (PM3)

The collaborative side of Beta's 'learning' of SERP issues gave rise to the earlier description of Beta being 'thirsty' for knowledge. Established relationships with external bodies allow Beta to gain knowledge and to inform initiatives contributing to its agenda of business improvement. The key example, as seen earlier, is the initiative to engage stakeholders in the first step toward forming SERP policy. During the period of data collection, there was also evidence of Beta working with consultancies and universities alike to improve a variety of business activities.

Internally, Beta also fosters a culture characterised by a high degree of inter-departmental communication and collaboration to implement SERP policy. CSR5 explains that, in her role of co-ordinating the organisation's SERP effort through the implementation of BEST, she tends to "take a collaborative approach and realise they [the internal stakeholders] don't necessarily know all the solutions or the answers, that you have to work on [SERP] together." She also explains how the "...procurement department, through more partnering the EH&S, are able to bring different considerations to the table for the business to decide."

Employees at Beta engage in further inter-departmental collaboration in order to learn how to use BEST to advance SERP implementation initiatives. This is done mainly through the expertise of the category managers, though the internal communication between the category managers and the Global BEST Co-ordinator (CSR5) plays a crucial role in inculcating the changes on a global scale. When asked how she goes about improving BEST, CSR5 explains that she is

"...going to be working with the subject matter experts [category managers] to review it to see either, no, it is as it needs to be or we think that there are these gaps, I will then be working with them to make sure that we have the questions in line with filling those gaps. [...] we do know that there are some gaps for example with the bribery act coming in, that whilst there are some elements of sustainability within it, things have moved on since it was last reviewed and there may be legislation changes." (CSR5)

8.3.3.5 Summary

Figure 46 summarises the findings of the third research question: how are intangible resources used to implement SERP in case Beta?

The presentation of the findings of the third research question has uncovered a variety of intangible resources that Beta uses for SERP implementation. The process that Beta has in place to implement SERP appeared to be very mature having been through iterations over the past 15 years (Figure 47). Beta is under no illusion that its SERP implementation process, including BEST, is not perfect and this gives rise to a general culture of continuous process improvement through organisational learning, both from the external environment (*e.g.* NGOs and suppliers) as well as from internal expertise, such as category managers.

Figure 46: Summary

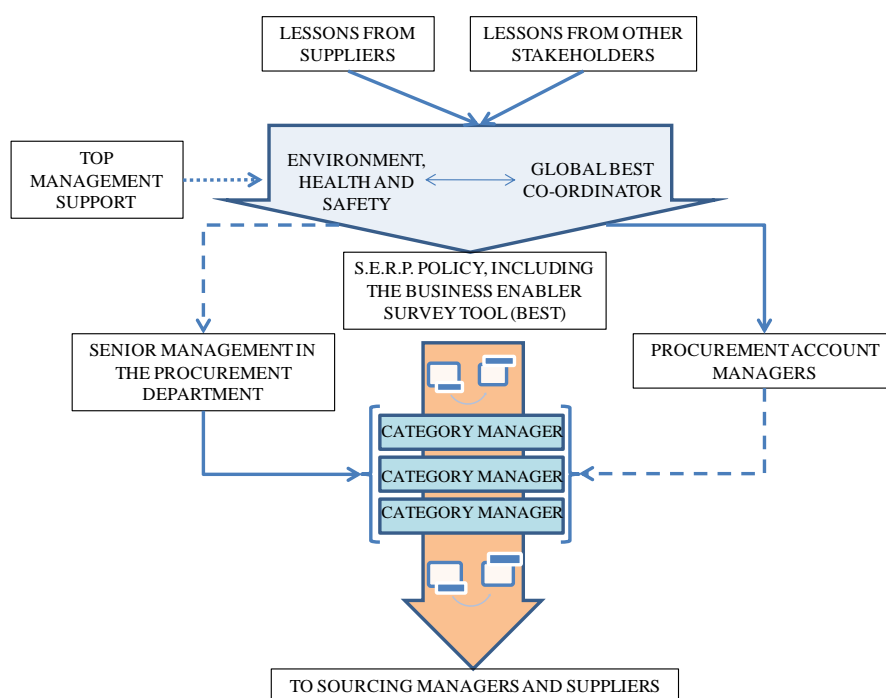
Intangible resources used by Beta to implement S.E.R.P.	
Process of policy implementation	By using the expertise of category managers
	By using a top-down and inter-departmental process to translating stakeholder pressure into practice in context
Training	The training in S.E.R.P. that does exist only goes beyond the initial induction in the case of category managers
Supplier engagement and development	Formal mechanism in the form of the Business Enabler Survey Tool (BEST)
	Active support from top management who are involved in communicating the importance of S.E.R.P. to the suppliers
Organisational learning	By recruiting new talent
	By learning from stakeholders' expertise through consultancies, academia and tailored stakeholder dialogue sessions
	By collaborating with other departments to develop and improve existing policy

Dedicated training in SERP implementation only applied to category managers, whose task of developing a procurement strategy for groups of similar products was clearly a point of pride for the senior managers interviewed. Training for sourcing managers and

other non-core procurement professionals is largely on the job, if it exists at all. Nevertheless, Beta relies heavily on BEST and, as such, engages with and develops its supply base in a systematic manner ending with the commitment of Beta's senior procurement managers communicating the importance of SERP to suppliers.

Organisational learning is the final category of intangible resources that came to the fore in the data from Beta. The procurement department is an area of the organisation that greatly contributes to Beta's engagement with responsible practices. The organisation's efforts to learn about the most effective way of engaging with this side of its operations have resulted in a variety of ways in which Beta makes connections both internally and externally with the aim of drawing upon in-house expertise and stakeholder opinion to advance its SERP engagement.

Figure 47: Policy creation and implementation process at Case Beta repeated



Internally, Beta learns from the experience that employees now tasked with the advancement of SERP have gained in roles they have held in other parts of the business. This enables Beta's SERP efforts to stay pragmatic and applicable to the organisation's strategy. Beta also learns by creating informal, cross-functional links, particularly between the procurement department and Environment, Health and Safety. Externally,

Beta actively reaches out both to stakeholders through formalised stakeholder dialogue sessions and to potential new recruits in the recognition of how the younger generation's input can contribute to SERP implementation.

The following chapter will compare the findings of each case and discuss these findings in relation to the SERP literature.

9. Implementing SERP: Cross case analysis

9.1 Introduction

The implementation of SERP policy has been shown in Chapters 7 and 8 to be a practice that is largely supported by top management through the development of policies and certain behaviours. Within the organisation, SERP has been focussed on certain organisational subgroups deemed to contribute to the SERP agenda most directly and resources have been dedicated to these groups, in particular, through the integration of SERP policies into the supply chain process and targeted, if limited, training. In brief, these chapters have uncovered a context-specific and organic development of a practice that emerges from the operations of and the influences on the organisation. These findings were in response to the following research sub questions:

1. How does top management in the case organisations show support for SERP?
2. How do subcultural differences affect SERP implementation in the case organisations?
3. How are organisational and human resources used to implement SERP in the case organisations?

These questions are linked to the overall research question of this thesis: *How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?* The theoretical approach adopted to answering this question looks solely within the boundary of the organisation and focuses on the differentiated view of organisational culture and the use of resources to implement SERP. The first two research sub questions represent an approach to the differentiated view of organisational culture, inquiring into the differences between top management's subculture and that of other departments. The third question indicates the studies' approach to the way in which different organisational and human resources are used in the process of implementing SERP.

9.1.1 Structure

This chapter serves to find and compare characteristics of the roles of organisational support (or top management support), departmental support and the use of intangible organisational and human resources. In so doing, it is a chapter that focuses solely on the empirical findings of the case studies of chapters 7 and 8. A wider discussion of these findings with the theoretical propositions is developed in the following chapter. In response to Pratt's (2009) concern that much of the extant case study analysis remains too descriptive with little discussion of the theoretical conversations, this cross-case analysis is structured in the following manner following advice given by Eisenhardt (1989: 540-1) "to look for the subtle similarities and differences between cases". Each research question posed in the case studies is reiterated, the answer to which is derived from a comprehensive evaluation of the similarities and differences between the two cases in relation to the relevant question; similarities and differences between the case findings and theory developed in Chapter 3 are also considered.

Case Alpha contributed insights from a domestic hardware retailer in the United Kingdom, where the predominant impetus originated from pressure from the media to develop mechanisms to identify the origin of its procured timber. The level of SERP implementation in Case Beta, a multinational tobacco company operating and headquartered in the United Kingdom, is a response predominantly to pressure from a variety of stakeholders, which revolves around brand reputation. These differences, however, highlight factors that provide impetus for the first point of interest of this study: the support for top management to support SERP implementation and subsequently, how this support is communicated within the organisation to affect the daily practice of the procurement manager.

9.2 How does top management in the case organisations show support for SERP?

In line with the theoretical development in Chapter 3, this section presents the comparison between the ways in which the body of top management in each case organisation displays support for SERP implementation. Both formal and informal manifestations of top management support are considered as ways to show support for SERP implementation. The former has been examined as the policy commitments made by the organisation and the latter as the behaviour and attitudes of top managers. The comparison is summarised in Figure 48.

Figure 48: Comparison of how the case organisations show support for SERP

How do the case organisations show support for SERP?	
EMPIRICAL SIMILARITIES	EMPIRICAL DIFFERENCES
<p><i>For both case organisations...</i></p> <ul style="list-style-type: none"> ○ The main motivation is reputation maintenance ○ Posters and sustainability reports are in public view ○ Resources are explicitly dedicated to the development of the organisation's sophisticated process of SERP policy implementation ○ The focus is on strategically procured (<i>or</i> direct) materials ○ There is an absence of formal reward schemes supporting SERP implementation 	<ul style="list-style-type: none"> ○ Top management of Case Beta engaged with this study to a notably higher degree than that of Case Alpha. ○ Potential employees are considered important stakeholders by Case Beta but not referred to by Case Alpha. ○ Top managers ratify SERP policy in case Alpha and lead the 'chain of command' in Case Beta. ○ SERP governance processes are highly centralised in Case Alpha and decentralised in Case Beta.
THEORETICAL SIMILARITIES	THEORETICAL DIFFERENCES
<ul style="list-style-type: none"> ○ Reputation maintenance is important (Diller, 1999; Roberts, 2003) ○ Clear company policy (Cooper <i>et al.</i>, 1997; Sims, 1991) ○ Sustained top management communications (Min and Galle, 1997; Carter and Ellram, 1998) ○ Sustained mid-management communications (Bowen <i>et al.</i>, 2001b; Cooper <i>et al.</i>, 2000) ○ Allocation of human capital (Carter <i>et al.</i>, 1999; Sims, 1991; Blau, 1964) 	<ul style="list-style-type: none"> ○ Reputation maintenance as the main motivation rather than embedded values or opportune behaviour (Lamming and Hampson, 1996) ○ Lack of reward schemes (Carlson and Perrewé, 1995)

9.2.1 Theory

Following Wilson (2001, 1997), the degree to which support for SERP is manifest is understood in the current study to be an indication of the level of support in top management's subculture for SERP to be implemented by procurement managers (see also Barley, 1986; Figure 49).

Blau (1964) highlights the dutiful, discretionary and perhaps even involuntary influence top managers have over the basic assumptions, espoused values and artifacts that constitute the culture (Schein, 1994) within departments of their organisations (Murphy and Enderle, 1995; Walker *et al.*, 2008). In this regard and in the scope of organisational culture as defined in this study⁵¹, bodies of top managers desiring to support SERP implementation had been expected to make explicit and observable efforts to encourage employees to engage in SERP practice and vice versa.

Figure 49: *The proposed relationship between top management's cultural support for SERP and SERP implementation repeated*



Scheuing *et al.* (1994) provide an example of this in their finding that top management commitment is crucial to the success of an organisation's purchasing programs from minority business enterprises; this value manifested in the form of top managers communicating directly with suppliers and of their attendance at relevant conferences. Chen *et al.* (1997), furthermore, observed that a culture of continuous improvement can affect internal actors' propensity to act ethically. This observation raises the saliency of this issue from the perspective of the business case and of culture as an important determinant of the degree to which members of an organisation can incorporate ethical behaviour into daily practice (Sinclair, 1993; Maignan and Ferrell, 2001). Cultural

⁵¹ Organisational culture has been defined as "conspicuous and observable manifestations of top management's and the procurement department's espoused values and beliefs within the context of their subculture". See section 3.2.1.1 for a more detailed treatment.

antecedents can be implicit and explicit, whereby Maximiano (2007) found that managerial values are the highest ranking cultural aspect driving a company's CSR effort and Treviño (1986) observed that these values co-exist with explicit forms of top management support, or 'situational forces', such as reward and punishment mechanisms. Other types of explicit support have also been identified in the literature, including most notably the use of company policies (Roberts, 2003; Emmelhainz and Adams, 1999; Cooper *et al.*, 1997) and codes of conduct (Pedersen and Andersen, 2006; Roberts, 2003).

In the context of the current study, it is an important observation that the artifacts (or manifestations) of top management's support for SERP implementation are often the intangible resources identified by that part of the study. However, their role as an insight into top management's subculture is only considered as far as their existence; not, for example, how they are used, by whom they are used or how effective they seem to be.

9.2.2 *Empirical similarities*

The origin of the motivation to engage in SERP practice for both organisations is the improvement of their reputation with stakeholders. Artifacts manifesting this motivation included the presence of sustainability reports in the front entrance (Case Beta); samples of renewable materials on procurement managers' desks (Case Alpha); and prominently-placed posters displaying different stages of the supply chain and workers in suppliers' factories (Case Beta). Support from top management was also seen in the resources allocated to the development of supplier management tools: QUEST (Case Alpha) and BEST (Case Beta).

Approaches developed in each organisation apply only to procured materials that are part of the product at the core of the organisation's manufacturing operation: timber (Case Alpha) and tobacco (Case Beta). In the former, this approach is directly related to stakeholder demands, which may have given rise to the organisation's comparatively low enforcement in supply chains other than timber. In Case Beta, reports indicated that this approach gives rise to dissonance in departments that do not contribute, or

perceived not to contribute, to the core manufacturing operation (*e.g.* research and development and packet design).

Contrary to the support seen for SERP implementation, both cases exhibited a complete absence of a formal reward scheme relating to SERP. It became apparent that internal communication of top management support, internal governance structures and policies were the primary methods.

9.2.3 Empirical differences

Purely in terms of engagement with this study, the time invested by top management in Case Beta was significantly larger than in Case Alpha. As can be seen from the list of interview participants, only one member of top management (Head of Corporate Social Responsibility) contributed, whereas three managers of Case Beta with global responsibilities were interviewed. Though this may also represent a methodological limitation of the study, it is important to recognise the degree of top management's engagement with this study as an artifact of the emphasis given to SERP issues. Whilst engagement with external stakeholders is based primarily on reputation maintenance in both cases, Case Beta differentiates itself by referring to potential employees as an important external stakeholder, given the need to continually attract new blood to the organisation and for young people to consider a career in tobacco as a viable one.

Top management engagement also differed in the internal methods used to disseminate information on SERP to lower levels of the business. In Case Alpha, top management's role focussed on ratifying policy developed by the CSR department. In this sense, it is the CSR department's responsibility to 'convince' and 'persuade' the procurement department. The 'chain of command' established in Case Beta, however, represents a high level of investment. The benefit of the 'chain of command' is the consistency of communication and that it starts with top management, in a meeting chaired by the Global Head of Environment, Health and Safety.

The chain of command also demonstrates the low degree of centralisation, the pervasiveness of CSR concerns throughout the business and a relatively high degree of localised ownership. At lower levels of the business, the activities of 'sustainability

coaches' were reported and provided an example of how localised ownership may look in practice. In Case Alpha, CSR initiatives were centralised. The CSR department, as reported by CSR3, is responsible not only for policy development but also for information dissemination and the improvement of practice. This centralisation issue is also reflected in the origin of SERP policy: the CSR department (Case Alpha) and top management (Case Beta).

The allocation of human resources as an indicator of top management support for SERP is also a differentiating factor between the two cases. The Head of CSR in Case Alpha has a background in CSR and two years' worth of experience in the organisation. Case Beta made a significant investment appointing the current Global Head of Environment, Health and Safety. She has a lengthy history in the organisation, including involvement in Eastern European manufacturing and procurement at headquarters. Her detailed supply-chain knowledge of other areas of the business and subsequently well-established relationships with members of staff in those areas would have been very useful in functions geared more directly to reducing costs and increasing profit. Her appointment to this position and contractual remit to implement SERP gives some insight into top management's support to align policy and practice.

9.2.4 Theoretical similarities

Lamming and Hampson (1996) state that engagement in 'responsible behaviour' may be opportune insofar as it serves to enhance competitive advantage rather than respond to any management motivation to enhance CSR performance. That they engage at all may indeed increase competitive advantage through maintaining or improving reputation (Diller, 1999; Roberts, 2003) by projecting a green image (Arora and Cason, 1996).

The formation of supplier evaluation mechanisms that go beyond the development of top-level codes of conduct, *i.e.* QUEST (Case Alpha) and BEST (Case Beta), is very much in keeping with Cooper *et al.*'s (1997) finding that the presence of a clear 'company policy for ethical conduct in purchasing' is a significant enabler of SERP implementation. In this sense, these mechanisms are manifestations of top management's support to go further than codes of conduct, especially if one were to take into consideration the investment of time to not only develop such resources but

also repeatedly use them in the supplier base. They also complement the informal communication from top management, which is effectively captured by PM3 (Case Beta): "...the drum is beaten very strongly from above". In line with authors, such as Mintzberg (1973) and, latterly, Min and Galle (1997) and Carter and Ellram (1998), if this drum were not beaten as strongly, the low level of perceived top management support would inhibit SERP implementation.

Both Sims (1991) and Blau (1964) support the institutionalised authority of top management in the organisation as the origin of their 'ability to affect change and institute organisational norms'. The appointment of the current Group Head of Environment, Health and Safety in Case Beta is an artifact of top management support, in that it is now in the contractual remit of a senior manager and supports the implementation of an action sanctioned by top management (Carter *et al.*, 1999).

In this way, Case Beta has ensured continued commitment from top management (Carter and Ellram, 1998; Min and Galle, 1998). Case Alpha demonstrated sustained communications throughout its 20-year journey toward 100% policy compliance of its timber suppliers, which is in line with theory developed by Bowen *et al.* (2001b) and Cooper *et al.* (2000) that highlights the importance of middle management support. Although CSR3 and QUAL1 describe Alpha's early SERP efforts and that the then newly appointed CSR Director 'spearheaded the whole campaign', it is important to highlight the role of middle management in the CSR department tasked with developing policy in line with the leadership of the CSR Director. The finding of the centralised nature of policy development and dissemination in Case Alpha supports Bowen *et al.* (2001b) and Cooper *et al.* (2000) and highlights that middle management support has been crucial.

9.2.5 Theoretical differences

In contrast to Lamming and Hampson's (1996) dichotomy that 'responsible behaviour' can be embedded in the founders' values and extended into business practice or be regarded as opportune behaviour to increase competitive advantage, both cases have shown, through company policy and corresponding internal governance structures, their

motivation to remedy any potentially negative stakeholder relationship and thereby maintain or improve the organisation's reputation.

Figure 50: Comparison of how the case organisations show support for SERP repeated

How do the case organisations show support for SERP?	
EMPIRICAL SIMILARITIES	EMPIRICAL DIFFERENCES
<p><i>For both case organisations...</i></p> <ul style="list-style-type: none"> ○ The main motivation is reputation maintenance ○ Posters and sustainability reports are in public view ○ Resources are explicitly dedicated to the development of the organisation's sophisticated process of SERP policy implementation ○ The focus is on strategically procured (<i>or</i> direct) materials ○ There is an absence of formal reward schemes supporting SERP implementation 	<ul style="list-style-type: none"> ○ Top management of Case Beta engaged with this study to a notably higher degree than that of Case Alpha. ○ Potential employees are considered important stakeholders by Case Beta but not referred to by Case Alpha. ○ Top managers ratify SERP policy in case Alpha and lead the 'chain of command' in Case Beta. ○ SERP governance processes are highly centralised in Case Alpha and decentralised in Case Beta.
THEORETICAL SIMILARITIES	THEORETICAL DIFFERENCES
<ul style="list-style-type: none"> ○ Reputation maintenance is important (Diller, 1999; Roberts, 2003) ○ Clear company policy (Cooper <i>et al.</i>, 1997; Sims, 1991) ○ Sustained top management communications (Min and Galle, 1997; Carter and Ellram, 1998) ○ Sustained mid-management communications (Bowen <i>et al.</i>, 2001b; Cooper <i>et al.</i>, 2000) ○ Allocation of human capital (Carter <i>et al.</i>, 1999; Sims, 1991; Blau, 1964) 	<ul style="list-style-type: none"> ○ Reputation maintenance as the main motivation rather than embedded values or opportune behaviour (Lamming and Hampson, 1996) ○ Lack of reward schemes (Carlson and Perrewé, 1995)

Sustaining SERP implementation may require more than a focus on reputation, as the intensity of SERP implementation may ebb and flow with stakeholder demands (Casey, 2006). That which allows its intensity to ebb and flow may be the complete lack in both case organisations of rewards and incentives. Theoretical arguments largely support the existence of reward schemes (Carlson and Perrewé, 1995) in order to limit the

behaviour of employees (e.g. Morrison and Robinson, 1997; Jensen and Meckling, 1976), to mitigate opportunism (Ammeter *et al.*, 2002) and to communicate the actions that are valued in the organisation, thereby determining the organisation's culture (Pfeffer, 1998; Sims, 1991). Evidence from both cases contradicts this. In fact, neither case developed an explicit reward scheme for purchasing managers to implement SERP policy. Jose and Thibodeaux (1999) saw that top management often prefers to implement implicit methods of guiding employee behaviour. These methods are discussed in the context of the intangible resources employed in SERP implementation.

9.2.6 *Summary*

This section has provided a detailed account of the similarities and differences between the cases and the theory developed to explain how top management supports SERP implementation. The comparison between the cases is repeated in Figure 50.

The following section presents empirical and theoretical comparisons of the differences at the level of the organisational subgroup that may influence SERP implementation.

9.3. How do subcultural differences affect SERP implementation in the case organisations?

This section presents the comparison between the ways in which intra-organisational groups in each case organisation display support for SERP implementation. An overview of the comparison is shown below in Figure 51.

Figure 51: Comparison of how subcultural differences affect SERP implementation in the case organisations

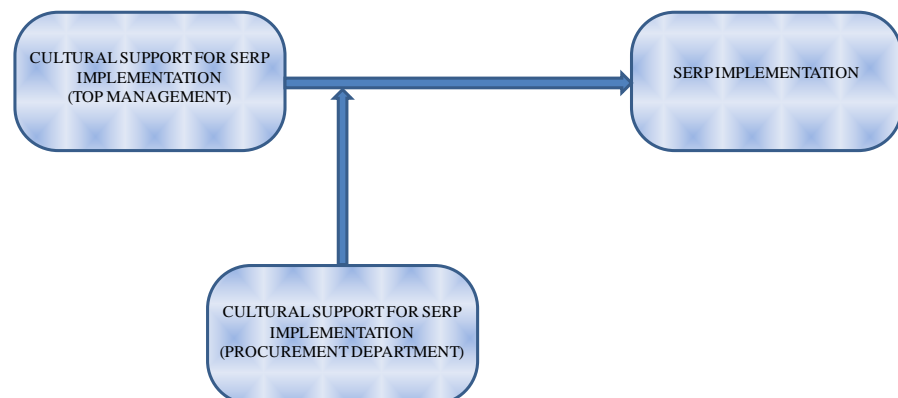
How do subcultural differences affect SERP implementation in the case organisations?	
EMPIRICAL SIMILARITIES	EMPIRICAL DIFFERENCES
<p><i>For both case organisations...</i></p> <ul style="list-style-type: none"> ○ There was evidence of an adverse reaction among organisational subgroups toward the focus of SERP efforts on strategically procured materials ○ There was evidence of obstacles to SERP implementation caused by institutionalised practices. ○ Top management takes more of a leadership role and mid-management manage the implementation of this leadership. 	<ul style="list-style-type: none"> ○ SERP governance structures are decoupled by specific tasks assigned to specific departments in Case Alpha. In Case Beta, whilst implementation is cross-departmental, the process only includes ‘essential staff’. Case Beta influences other staff members through the use of “sustainability coaches”. ○ There was evidence of buyer-loyalty and cost-based culture in Case Alpha), and a lack of ‘buy-in’ in Case Beta. Both, however, are obstacles to SERP implementation ○ One department has the authority to veto the decision of the procurement department in Case Alpha. This is not the case in Case Beta.
THEORETICAL SIMILARITIES	THEORETICAL DIFFERENCES
<ul style="list-style-type: none"> ○ Constraining behaviour is effective to put policy into practice (Ammeter <i>et al.</i>, 2002) ○ Internal communications help departments make the link between actions and strategy (Kaptein, 2004; Sims, 1991; Molander, 1987) ○ Institutionalised loyalty to suppliers (Mortensen <i>et al.</i>, 2008) ○ The presence of ‘sustainability coaches’ (Walker, 2008; Andersson and Bateman, 2000; Drumwright, 1994) 	<ul style="list-style-type: none"> ○ ‘Sustainability coaches’ are voluntarily appointed, not autonomous (Walker, 2008; Andersson and Bateman, 2000; Drumwright, 1994) ○ Insofar as ‘sustainability coaches’ are ‘localised leaders’, they are an extension of top management (Northouse, 2004; Sims, 1991)

9.3.1 Theory

The current theoretical framework (Figure 52) adopts a material differentiated perspective of organisational culture (Martin, 2002), in order to take into account potential differences between top management's and procurement managers' attitudes to SERP implementation (Lucas, 1987). Much in the same way as the previous section, in which top management's subculture is considered important for SERP implementation, the culture borne from the conditions within and pressures on the procurement department also plays a role in the process (Sathe, 1985).

Scholars have seen, for example, that culture is an important determinant contributing to the degree to which members of an organisation can incorporate ethical behaviour into daily practice (Treviño, 1986; Sinclair, 1993; Crane and Matten, 2004; Walker *et al.*, 2008). Attitudes that potentially obstruct SERP implementation, such as disproportionate loyalty to a particular buyer, have been observed among procurement managers in previous studies (Roloff and Aßländer, 2010; Cheung *et al.*, 2009; Piercy and Lane, 2007) but their interaction with top management's support has yet to be considered. It is posited in the current framework that the effect of top management's support is partially moderated by the procurement department's cultural propensity to engage in SERP.

Figure 52: *The proposed relationship between top management's and the procurement department's cultural support for SERP and SERP implementation repeated*



The study focuses on the practices (Jung *et al.*, 2009) rather than the values (Hofstede, 2001) of organisational departments. Practices give good insights into deeper levels of

a group's culture, including what is important for that group (Carter, 2005; Sackmann, 1992). In this light, the procurement department is expected to exhibit supportive behaviour in terms of language and action, in a similar fashion as to that which was expected from the body of top management (Jung *et al.*, 2009; Howard, 1998).

9.3.2 *Empirical similarities*

Responding to stakeholder pressure, both cases concentrated their SERP efforts on the material at the core of their operations: timber (Case Alpha) and tobacco (Case Beta). Externally, this seems to be a natural orientation, as suppliers of strategically important materials are more likely to receive investment from the buying firm (Kraljic, 1983) and the dynamic in collaborative relationships may be more conducive to achieving strategic objectives (Vachon, 2007; Lim and Phillips, 2008). However, both cases exhibited an adverse outcome of this strategy, whereby employees engaged in activities or responsible for materials not of strategic importance experienced a degree of dissonance with regard to SERP. In Case Alpha, this manifested in CSR1, who said:

“There are specific issues that perhaps certain people within the organisation ignore and others they engage with more, because they are relevant to their function or [because] they are the ones they understand.”

Case Beta experiences this in differing levels of buy-in, as described by PM5, who stated:

“While we have buy in from suppliers they respond to our request in terms of materials that we would like to use, and I think the barrier is more internal in as much as there are some functions that don't get it, we have fully 'bought in' in operations, procurement and EH&S; we are fully bought in by what we stand for, what the corporate strategy tells us and how that links to the raw materials that we buy, the direct [materials] that we buy. But some of the other guys who are perhaps maybe product design and marketing,

those type of folks, it [SERP] doesn't necessarily have the same amount of traction with those guys.”

These differing attitudes are reflected in reports in the case organisations that institutionalised practices are a significant obstruction to progress in implementing SERP. It became apparent in Case Alpha that SERP was an area where staff felt uneasy in terms of practice. In an answer explaining some of the challenges confronted by the CSR department, members of that department (CSR1, CSR2 and CSR3) explained that staff often only ‘engaged with issues they understand’; how difficult it is for staff ‘to embrace new ideas’; and that people were ‘begrudgingly applying policies and were not keen on new ones’.

It was also reported that procurement managers are at times loyal to suppliers whose responsible manufacturing/sourcing performance is actually below Case Alpha’s requirements.

“A vendor that our commercial team may think is wonderful, we might think is awful...” (QUAL1)

Case Beta reports the reaction of certain procurement managers whose attachment to the status quo of procurement processes hinders progress, as reported by PM4 who stated that

“[The procurement managers] get even more defensive because they have got this shiny new toy that is all the defined procurement processes that is considered state of the art best practice [...] and they are like ‘oh no, no, what are you doing? You are trying to change; you are trying to redefine how we do procurement’. Because no one at that stage understands its potential, it is quite a big threat.”

CSR4 also describes the difficulty of institutionalising the values and corresponding actions of Case Beta beyond artificial juxtaposition in organisations, with which Case

Beta merges. The merged organisations' values, beliefs and actions impede in this regard the progress of SERP implementation.

Other interviewees in Case Beta also expressed this concern. After 36 years in the organisation, CSR4 simply says that it is 'history, or baggage' that holds staff back from implementing SERP. At the other end of the spectrum, with only 3 years, PM5 mentions the obstructive attitudes of departments that do not contribute directly to the end product, e.g. product design/marketing. PM4 frames SERP as a very ambiguous area of practice. He can see, being part of the procurement department himself, that procurement managers can get quite defensive against changes that blur the boundaries of their responsibilities and daily processes. In much the same way as CSR1 (Case Alpha) explains, PM4 highlights that the misunderstanding of how SERP fits into current practices is the source of significant resistance from the procurement department.

Top management has been seen to be an important influence on SERP both in previous studies and the current project. Similarities between both cases, however, uncover the internal role of top management, whereby it plays a more 'sanctioning' than 'managing' role. Case Alpha, for example, exhibited top management's input into SERP implementation that consisted of the ratification of the CSR department's recommendations. Case Beta exhibited some evidence that top management provided leadership and structural support but that solving ambiguity encountered at lower levels of management during the implementation process is decoupled from top management's sanctioning role.

"Policies are [...] created by the CSR team" (QUAL1)

"...being really clear that you have got real high level sign off [...], it is the Board's rule" (CSR3)

"The barrier is that it is not coming from above in the form you need it to. [...] just at the top level of procurement the word sustainability features there a couple of times, we need to do something about sustainability, it

does not describe it. Um, so the kind of definition, description, of it is being generated at our level.” (PM4)

9.3.3 *Empirical differences*

The most prominent difference between the two cases at this level of analysis is the degree of centralisation with regard to policy implementation. As identified in the preceding section, top management plays a supporting, or ‘sanctioning’, role in the process of SERP implementation; whereas the role of middle managers and employees may be pivotal. It is in this regard that SERP implementation can be (de-)centralised. Case Alpha exhibits a centralised process that places prime importance on the expertise and ability of the CSR department to not only promote internal buy-in:

“...to be honest, the way you sell it back to the company is [as] risk avoidance.” (CSR1)

but also conduct stakeholder consultations:

“...in advance of the proposal to the Board, we will have spoken to all of the buying teams.” (CSR3)

This centralised process not only places emphasis on the CSR department’s expertise but may also facilitate Case Alpha’s internal SERP governance structure that gives the Quality Assurance department the authority to veto procurement decisions. On the other hand, Case Beta showed a comparatively decentralised process of policy implementation that involved employees from every level of the business, whereby internal stakeholder buy-in was encouraged through ownership in the ‘chain of command’.

Whilst institutionalised practices are common features in the two cases, Case Alpha reports buyer loyalty as a salient practice obstructing full implementation of SERP.

“Some buyers [...] have their favourite vendors because of the working relationship they have with particular vendors.” (QUAL1)

“So timber at the moment, we are really closing down on the last bits of that to really get to that point [100% policy compliance] and there are people who have been in the business a long time, their chains of custody aren’t complete, and it’s a lot of work to get things done.”

(CSR3)

QUAL1 also referred to a cost based culture among the procurement managers of Case Alpha, from which this loyalty has been borne. The same participant also referred to subcultural differences stating that vendors “that our commercial team [buyers] may think are wonderful, we might think are awful.”

The importance of socialisation is recognised by Case Beta in order to mitigate hindrances to SERP implementation at the departmental level, by ensuring that recruits understand the values and sanctioned actions of the organisation (CSR4, 8 and 12). CSR4 also refers to the emphasis put on recruiting young people, as they are “perhaps a bit more aware of some of the issues that we are talking about.” This is reflected in the issue of ‘buy-in’, where intra-organisational stakeholders see the rationale and value of SERP implementation. Case Beta reported that the similarity of focussing on strategic materials is actually the cause for lack of buy-in from non-strategic departments.

9.3.4 Theoretical similarities

Case Alpha demonstrated a conspicuous method used to constrain the behaviour of procurement managers. Through the use of ‘critical failure points’, its power to veto the procurement of non-compliant goods and its mandate to continually police procurement activity, the Quality Assurance department lends support to Ammeter *et al.*’s (2002) advocacy for constraining behaviour to bridge the gap between policy and practice. In this manner, ‘constraining behaviour’ is akin to Pedersen and Andersen’s (2006) argument, albeit on a higher level of analysis, for the use of reward and punishment between buyer and supplier to increase compliance. In this way, procurement managers are punished for not complying with agreed internal policy. Indeed, reports from the PM1 support that procurement managers take their cue from line managers.

This line of ‘constraining behaviour’, albeit in this instance from a more positive perspective, continues in reports from Case Beta’s procurement manager (PM5), who reports that continuous communication regarding policy informs procurement managers how their actions are linked to corporate strategy (Kaptein, 2004; Sims, 1991; Molander, 1987). He reports that they “are fully bought in by what [they] stand for, what the corporate strategy tells [them] and how that links to the raw materials that [they] buy, the direct [materials] that [they] buy.” (PM5).

It is a gradual process, however, as Case Alpha’s policy is such that newly introduced SERP policy only applies to products introduced to the organisation’s supply base after the policy has come into force (CSR3). This may hinder SERP implementation in light of the degree of institutionalised loyalty to certain suppliers (Mortensen *et al.*, 2008).

Progress in SERP implementation was seen to be supported in Case Beta through its use of ‘sustainability coaches’ and tailored communications. The former is very close to Drumwright’s (1994) finding of ‘policy entrepreneurs’, who represent a form of ‘localised leadership’ to affect the behaviour of those around them. Others have also labelled such individuals as ‘value’ (Walker *et al.*, 2008) and ‘organisational’ champions (Andersson and Bateman, 2000). It is important to recognise a difference, however, in the way ‘sustainability coaches’ are used, insofar as the other forms of ‘localised leader’ may arise through strength of personal values and access to organisational resources (Mayes and Allen, 1977). Case Beta’s ‘sustainability coaches’ are voluntarily appointed – they do not emerge. They are explicit extensions of top management that serve to communicate sanctioned action. Case Beta also reported the use of targeted and tailored communication when organisational change led to the loss of sustainability coaches. This is evidence of the organisation’s effort to maintain the alignment between top management’s support for SERP and procurement managers’ action (Sims, 1991; Cooper *et al.*, 1997).

9.3.5 Theoretical differences

The leadership theorised in Chapter 3 rooted in studies by Northouse (2004) and Carlson and Perrewé (1995) focuses on and is supported by the evidence at top management level of analysis. It does, however, reduce the way in which intra-

organisational actors are empowered to alter their daily practice in order to implement SERP initiatives and contribute to organisational strategy. Case Beta is an important example of this. Top management in this organisation appointed 'sustainability coaches', which is an expression of "localised leadership", insofar as they support employees to alter daily behaviour to be more aligned with the sanctioned actions top management supports. At first glance, Case Beta's 'sustainability coaches' may seem to be akin to Drumwright's (1994) 'policy entrepreneurs'.

However, 'policy entrepreneurs' may engage in actions that advance the SERP agenda but that are in fact unsanctioned and unsupported by top management (Mayes and Allen, 1977). Sustainability coaches are, on the other hand, nominated by top management almost as an instrument to support the promotion of policy. This is to say that 'sustainability coaches' are not endowed with formal, institutionalised authority over their peers' actions (Blau, 1964); they are not managers (Rost, 1993). They are rather representatives of leaders at the level of top management tasked "to produce change and movement" (Northouse, 2004: 8). This point represents the difference with extant theory – that the appointment of 'leaders' at the employee level of analysis is a method to reinforce intra-organisational communications (Sims, 1991) and to empower employees to reduce ambiguity and act in response to clear support from top management (Eisenberger, 2001).

The theory of SERP implementation concentrates on the management and leadership of the procurement department by top management. The difference is that this may also depend on the centrality of the procured material to the organisation's strategy (Kraljic, 1983). This may seem at first as a natural orientation for organisations. Indeed, not only is its justification clear, but it may also be, as seen in both cases, a direct response to stakeholder demands. However, this finding divides procurement functions and may imply that parts of the procurement department interacting with strategic suppliers, procuring strategically-important materials, need to be approached in a different way in comparison to parts interacting with non-strategic suppliers, procuring non-strategic materials.

9.3.6 Summary

This section has provided a detailed account of the similarities and differences between the cases and the theory developed to explain how intra-organisational subgroups influence SERP implementation. A reminder of the comparisons made is provided in Figure 53.

Figure 53: Comparison of how subcultural differences affect SERP implementation in the case organisations repeated

How do subcultural differences affect SERP implementation in the case organisations?	
EMPIRICAL SIMILARITIES	EMPIRICAL DIFFERENCES
<p><i>For both case organisations...</i></p> <ul style="list-style-type: none"> ○ There was evidence of an adverse reaction among organisational subgroups toward the focus of SERP efforts on strategically procured materials ○ There was evidence of obstacles to SERP implementation caused by institutionalised practices. ○ Top management takes more of a leadership role and mid-management manage the implementation of this leadership. 	<ul style="list-style-type: none"> ○ SERP governance structures are decoupled by specific tasks assigned to specific departments in Case Alpha. In Case Beta, whilst implementation is cross-departmental, the process only includes ‘essential staff’. Case Beta influences other staff members through the use of “sustainability coaches”. ○ There was evidence of buyer-loyalty and cost-based culture in Case Alpha), and a lack of ‘buy-in’ in Case Beta. Both, however, are obstacles to SERP implementation ○ One department has the authority to veto the decision of the procurement department in Case Alpha. This is not the case in Case Beta.
THEORETICAL SIMILARITIES	THEORETICAL DIFFERENCES
<ul style="list-style-type: none"> ○ Constraining behaviour is effective to put policy into practice (Ammeter <i>et al.</i>, 2002) ○ Internal communications help departments make the link between actions and strategy (Kaptein, 2004; Sims, 1991; Molander, 1987) ○ Institutionalised loyalty to suppliers (Mortensen <i>et al.</i>, 2008) ○ The presence of ‘sustainability coaches’ (Walker, 2008; Andersson and Bateman, 2000; Drumwright, 1994) 	<ul style="list-style-type: none"> ○ ‘Sustainability coaches’ are voluntarily appointed, not autonomous (Walker, 2008; Andersson and Bateman, 2000; Drumwright, 1994) ○ Insofar as ‘sustainability coaches’ are ‘localised leaders’, they are an extension of top management (Northouse, 2004; Sims, 1991)

The following section presents empirical and theoretical comparisons of the organisational and human resources used in each case organisation to implement SERP.

9.4 How are organisational and human resources used to implement SERP in the case organisations?

This section presents the comparison between the ways in which organisational and human resources (Barney, 1991) are deployed for SERP implementation. A summary is provided below in Figure 54 and Figure 55.

Figure 54: Empirical comparison of how organisational and human resources are used to implement SERP in the case organisations

How are organisational and human capital used to implement SERP in the case organisations?	
EMPIRICAL SIMILARITIES	EMPIRICAL DIFFERENCES
<p><i>For both case organisations...</i></p> <p><i>Process of policy implementation</i></p> <ul style="list-style-type: none"> ○ Stakeholder consultations as the first step in developing SERP policy ○ Structured cross departmental SERP policy implementation process ○ Departments involved in implementation, except procurement, are not part of the commercial division <p><i>Training</i></p> <ul style="list-style-type: none"> ○ Very limited training and this is only delivered to individuals central to the organisations' SERP implementation effort ○ Emphasis is on managers' extant knowledge <p><i>Supplier engagement and development</i></p> <ul style="list-style-type: none"> ○ Strong culture of dialogue with suppliers with the recognition that they are likely not to be at the required standard immediately. <p><i>Organisational learning</i></p> <ul style="list-style-type: none"> ○ Learning from taking guidance from internal and external stakeholders ○ Knowledge mobilisation through recruitment practice ○ Allocation of human capital to SERP 	<p><i>Process of policy implementation</i></p> <ul style="list-style-type: none"> ○ Guidance on SERP implementation originated from internal stakeholders in Case Alpha and from external in Case Beta ○ SERP implementation in Case Alpha relies on efforts made by CSR department. A decentralised process divides responsibility for implementation in Case Beta. <p><i>Training</i></p> <ul style="list-style-type: none"> ○ There were no differences between the case organisations with regard to the provision of training pertaining to SERP implementation. <p><i>Supplier engagement and development</i></p> <ul style="list-style-type: none"> ○ Supplier practices in Case Alpha are separate: 'engaging' through guidance; and 'developing' through changing their practice. Case Beta does not show this distinction. <p><i>Organisational learning</i></p> <ul style="list-style-type: none"> ○ Case Alpha learns from internal stakeholders and Case Beta from external to implement SERP ○ Both organisations recruit internally but Case Beta 'procures' knowledge externally

Figure 55: Theoretical comparison of how organisational and human resources are used to implement SERP in the case organisations

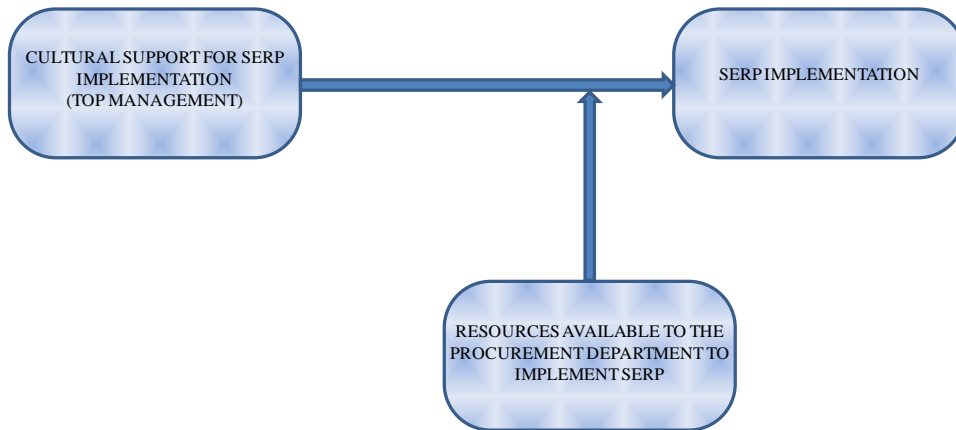
How are organisational and human capital used to implement SERP in the case organisations?	
THEORETICAL SIMILARITIES	THEORETICAL DIFFERENCES
<p><i>Process of policy implementation</i></p> <ul style="list-style-type: none"> Engagement of valuable human capital to lead SERP (Barney, 1991) SERP implementation expertise (Zhu <i>et al.</i>, 2008c; Ciliberti <i>et al.</i>, 2008) Social capital used to support SERP (Walker, 2008; Andersson and Bateman, 2000; Drumwright, 1994) <p><i>Training</i></p> <ul style="list-style-type: none"> None <p><i>Supplier engagement and development</i></p> <ul style="list-style-type: none"> The structured development and use of supplier relationship management tools (Lee <i>et al.</i>, 2009; Carr and Pearson, 2002; McGinnis and Vallopra, 1999) <p><i>Organisational learning</i></p> <ul style="list-style-type: none"> Guidance on approaching SERP through stakeholder consultations (Ehrgott <i>et al.</i>, 2011; Andersen and Skjoett-Larsen, 2009; Fransen and Kolk, 2007) Allocation of dedicated human capital (Barney, 1991; Gottschalg and Zollo, 2007) 	<p><i>Process of policy implementation</i></p> <ul style="list-style-type: none"> Extant approaches to supply chain policy implementation concentrate on the buyer-supplier relationship rather than inside the focal organisation (Lee <i>et al.</i>, 2009; Krause <i>et al.</i>, 2000; Heide and Miner, 1992) <p><i>Training</i></p> <ul style="list-style-type: none"> Complete lack of structured training (Welford and Frost, 2006; Mamic, 2005) <p><i>Supplier engagement and development</i></p> <ul style="list-style-type: none"> QUEST (Case Alpha) and BEST (Case Beta) are halfway points between monitoring and collaboration (Krause <i>et al.</i>, 2007; Wynstra <i>et al.</i>, 2001) Case Beta's use of awards for suppliers (Bowen <i>et al.</i>, 2001b) <p><i>Organisational learning</i></p> <ul style="list-style-type: none"> Targeted recruitment rather than internally generated knowledge through training (Vachon and Klassen, 2006a; Lee, 2008; Mamic, 2005), and action and interpretation (Rudolph <i>et al.</i>, 2009)

9.4.1 Theory

Where subcultures in the body of top management and the procurement department are conducive to SERP implementation, it argued that the procurement department must also possess or have access to the resources in order to put this cultural support into action (Mamic, 2005; Roberts, 2003; Figure 56). In congruence with the material differentiation view of organisational culture (Martin, 2002) taken in this thesis, the focus is on organisational and human resources (Barney, 1991). The four proposed resources proposed in the conceptual development are:

1. The importance of the procurement department
2. International experience
3. Sophisticated supply chain practices
4. Skills and knowledge pertaining to SERP

Figure 56: The proposed relationship between top management's cultural support for SERP, the resources available to the procurement department and SERP implementation



The following sections explore the similarities and differences between cases and theory in relation to these propositions.

9.4.2 Empirical similarities

This section presents the empirical similarities between the organisational and human resources used to implement SERP reported by and found in each case.

9.4.2.1 Process of policy implementation

Both cases reported that the origin of their policy development process is structured consultation with a variety of stakeholders. Case Alpha reported its discussion with internal and external stakeholders before formulating and recommending policy to top management:

“Now in advance of the proposal to the board, we will have spoken to all of the buying teams, so we will have done some work on what products we have got there, what products are affected, are the buying teams in support of this idea or is it something they have got a challenge with, we will also talk to various NGOs and advisory stakeholders...” (CSR3, Case Alpha)

Structured external stakeholder consultations were observed through researcher participation in Case Beta, where sessions revolved around a certain topic, such as water usage or child labour.

Both organisations had established a structured and detailed method of monitoring and developing their suppliers’ practices: QUEST (Alpha) and BEST (Beta). These supplier management systems serve not only to communicate sanctioned manufacturing and sourcing practices to suppliers but also for the buying organisation to make progress toward aligning stakeholder demands and corporate strategy with procurement practice.

Although not an explicit part of the procurement process, it was observed in both organisations that the implementing departments (CSR, Quality Assurance and Environment, Health and Safety) were not part of the case organisations’ commercial division. This allows for departments charged with promoting and supporting the implementation of responsible practices to do so without direct and explicit pressure to contribute to profit margins.

9.4.2.2 Training

General and role-specific training exist in both organisations, albeit to a very limited degree. Case Alpha (CSR1) reported training specifically related to SERP only being provided for Quality Assurance managers, who are tasked with enforcing policy ratified by the Board. Only Category Managers in Case Beta receive training targeted at their ability to implement SERP. Apart from these groups of intra-organisational actors, the emphasis is on the individual’s extant knowledge and experience rather than their capability or potential to implement SERP.

9.4.2.3 Supplier engagement and development

The recognition that suppliers' current practices are in the main not compliant with policy and that improving the situation involves continued trade and development was observed in both organisations. The continued development (and the definition of the buying organisation's role in this process) is founded on the results of the formalised supplier management tools. In this sense, there is a strong culture of dialogue with suppliers rather than arms-length auditing.

9.4.2.4 Organisational learning

The ways in which both cases "learn" revolve around their interaction with stakeholders and their recruitment processes. The stakeholder dialogues hosted by Case Beta exhibit how an organisation can learn where to focus efforts and potential approached it can use to align its practices more with stakeholder pressure. Case Alpha reported dialogue with internal stakeholders, which informs policy development by highlighting which policies may be easier or harder to implement according to the experiences 'on the ground' of the procurement department.

Recruitment plays a key role in how organisations implement SERP. Both case organisations have recruited staff based on their knowledge and expertise. The internal recruitment of QUAL1 (Case Alpha) and the Group Head of Environment, Health and Safety (Case Beta) exhibits the organisations' willingness to invest valuable human resources into SERP implementation.

9.4.3 Empirical differences

This section presents the empirical differences between the organisational and human resources reported by and found in each case.

9.4.3.1 Process of policy implementation

The similarity between the cases that the origin of policy development lies in stakeholder dialogue is divided by a difference in this regard. Case Alpha focuses more on the feasibility of policies through dialogue with internal stakeholders. Case Beta focuses on clarifying stakeholder pressure through dialogue with external stakeholders.

This dialogue is initiated in Case Alpha by the CSR department. Armed with top management's ratification, this department then 'sells', 'persuades' and 'convinces' the procurement department to implement SERP policy. In contrast, Case Beta has established a 'chain of command', which precludes the need to 'persuade' and 'convince' by ensuring direct traceability to top managers (see Figure 39). At the bottom of the chain, Case Beta has appointed sustainability coaches and provides role-specific training for category managers. Case Alpha, however, does not employ equivalents of these roles. Rather, it has endowed the Quality Assurance department with the power to veto the procurement of a good that does not satisfy policy. The organisation has also developed minimum standards as guidelines for procurement managers.

9.4.3.2 Training

There are no empirical differences between the case organisations in this regard.

9.4.3.3 Supplier engagement and development

Case Alpha's report of how it interacts with suppliers gives an insight into the differing techniques it employs to influence manufacturing and procurement practices up the supply chain. One technique is to "engage" suppliers by providing feedback on practices (QUAL1) and encouraging transparency (CSR1). Case Alpha also engages in actively "developing" suppliers' practices by working to alter practices in the shorter term. Examples of this given during the interview include Case Alpha's involvement in the reduction of the supplier's use of free divers in their sourcing of mother of pearl in the Philippines (CSR1).

9.4.3.4 Organisational learning

Both of the top procurement managers interviewed in Case Beta reported the active recruitment of category managers for their knowledge of the product family, from which they are employed to procure – for example, utilities or tobacco leaf. Different industrial contexts are recognised by category managers being expected to leverage this knowledge, in order to fulfil the support shown by top management for SERP. This action represents organisational learning by internalising external expertise. Another

similar behaviour Case Beta exhibits is in fact the origin of its policy development: dialogue with external stakeholders.

9.4.4 Theoretical similarities

This section presents the theoretical similarities between the organisational and human resources reported by and found in each case.

9.4.4.1 Process of policy implementation

Case Beta engaged valuable human resources (Hofer and Schendel, 1978; Becker, 1964) in its endeavour to implement SERP by appointing the Group Head of Environment, Health and Safety. As described previously, this particular manager's previous experience and skills and knowledge of the business would have also been a valuable resource in areas of the business more directly linked to the profit imperative. Her appointment is a reflection of top management's drive to "conceive of and implement strategies" (Mahoney and Pandian, 1992). It is also further evidence of a VRIN resource (Barney, 1991) for stakeholder dialogue and for Case Beta's 'chain of command'. In this regard, this finding is coherent with Mamic (2005) and Roberts (2003), who demonstrate the importance of internal 'capability' to put top management support into action.

There are two further examples of Case Beta's use of human resources: the use of category managers and of sustainability coaches. The first builds on the individual's expertise of the resource procured to implement SERP strategy (see Zhu *et al.*, 2008c; Ciliberti *et al.*, 2008 for a more detailed treatment of the effect of a lack of knowledge on SERP implementation). The latter is appointed in-house to promote and support SERP policy (Sims, 1991; Drumwright, 1994). In this regard, top management recognises the importance of an actor's social capital in institutionalising supply chain strategy (Harland and Knight, 2001) as opposed to imposing policy on intra-organisational actors.

9.4.4.2 Training

There were no similarities between the empirical observations and theory with regard to the implementation of SERP. As discussed in section 3.3.3.4 on skills and knowledge pertaining to SERP, training has been identified as an important component to SERP implementation (Lee, 2008; Welford and Frost, 2006). It was thus expected for the case organisations to have developed training programmes reflecting the support of top management. However, both case organisations lacked consistently applied training programmes (to the extent where employees are expected to gradually self-train ‘on the job’ [QUAL1]) and are thus in line with the findings of Welford and Frost (2006) and Mamic (2005).

9.4.4.3 Supplier engagement and development

The primary similarity between the cases and theory is the existence, continuous improvement and consistent use of the supplier development tools, QUEST (Case Alpha) and BEST (Case Beta). In light of the reports that they are not auditing tools, but tools that encourage dialogue and improvement, they are unilaterally controlled by the focal organisation and tailored to its level of support for SERP (Barney, 1991). Furthermore, they are mechanisms that are not only completely under the control of the focal organisation (Lee *et al.*, 2009; Carr and Pearson, 2002; McGinnis and Vallopra, 1999) but that can also contribute effectively to a supplier’s performance improvements (MacDuffie and Helper, 1997).

9.4.4.4 Organisational learning

The reports from the case organisations with regard to internal and external stakeholder consultation are very much in line with the posited theory (Andersen and Skjoett-Larsen, 2009). Particularly with regard to the use of this information in the policy development process (Ehrgott *et al.*, 2011; Fransen and Kolk, 2007). A further similarity is the use of internal human resources in Case Beta (Barney, 1991; Gottschalg and Zollo, 2007; Deci, 1975), where the Group Head of Environment, Health and Safety was previously well-embedded in the organisation’s commercial function. This previous experience not only enables her to integrate SERP policy into existing business function but it also facilitates her interaction and influence on other managers, who

respect her background and background in the organisation that includes managing tobacco manufacturing plants in Eastern Europe (PM2 and PM3).

Although emphasised to a lesser degree in the interview, the commercial background of QUAL1 in Case Alpha was also a deciding factor in his appointment to an ‘SERP policy enforcing’ function in the business.

9.4.5 Theoretical differences

This section presents the theoretical differences between the organisational and human resources reported by and found in each case.

9.4.5.1 Process of policy implementation

Studies of the way in which organisations implement supply chain policy often refer directly to the supplier relationship (Heide and Miner, 1992; Lee *et al.*, 2009; Krause *et al.*, 2000). Seldom is it the case that studies approach the wholly internal workings of the organisation that precede the buying firms’ actions in its supplier relationships.

In this way, the main difference between extant literature and the cases is that the latter suggests an extension, in order to consider the way in which policy is implemented internally before the supplier relationship. In both organisations, policies that are promoted in-house are traceable directly to top management and stakeholder pressure. This is an important consideration because the integration of CSR into supply chain practices is to integrate the concerns of represented stakeholders into procurement procedures.

9.4.5.2 Training

As discussed in section 9.4.4.2, the generation of skills and knowledge pertaining to SERP through training has been identified as an important component to SERP implementation (Lee, 2008; Welford and Frost, 2006). Both case organisations lacked coherence with theory by failing to institute consistently applied training programmes. They are thus in line with the findings of Welford and Frost (2006) and Mamic (2005)

as well as Treviño and Youngblood's (1990) assertion that managers are reluctant to invest in SERP.

9.4.5.3 Supplier engagement and development

Arms-length monitoring has been associated with adversarial buyer-supplier relationships (Vachon, 2007), despite their usefulness of helping focal firms identify progress through quantitative metrics (Florida *et al.*, 2001). Collaborative action (Hoegl and Wagner, 2005) and informal information flows (Pilling *et al.*, 1994) have emerged as productive practices in SERP (Heide and John, 1990) despite their danger flagged by Krause *et al.* (2007) and Wynstra *et al.* (2001), insofar as high degrees of inter-firm involvement can entail non-transferable and unrecoverable investments.

In this way, both case organisations recognise that transaction-based monitoring will not improve the level of suppliers' SERP compliance. QUEST (Case Alpha) and BEST (Case Beta) are supplier management tools that have found a halfway point between monitoring and collaboration. Whilst both tools are standardised and used to assess supplier performance (Case Beta reported the use of over 200 trained auditors who visit all suppliers), they are largely qualitative and are based on a loop of assessment and feedback. As reported by CSR5 and PM5 of Case Beta, they are channels of two-way communication that feature periods of improvement, in which suppliers work to reach a recommended standard.

Case Alpha exhibited practices that led to a conceptual difference between supplier 'development' and supplier 'engagement'. The former focuses on Alpha's efforts to actively change its suppliers' practices and the latter highlights ways in which Alpha *encourages* and *guides* potential and existing suppliers to comply with its policies.

One further difference centres upon Case Beta's report of its use of awards for suppliers operating at a standard compliant with BEST. This is in contrast to the finding reported by Bowen *et al.* (2001b) that the use of awards is the least used 'green supply chain initiative' is the study's sample.

9.4.5.4 Organisational learning

Extending the use of extant internal human resources in the case organisations (*see* section 9.4.4.4), both reported the importance of internalising external knowledge through targeted recruitment practices. This is in contrast with the knowledge internally generated through action and interpretation detailed by Rudolph *et al.* (2009). The sought knowledge was not solely expertise acquired by the targeted individuals but also the intrinsic and conducive attitudes to SERP implementation of the younger generation. This is also in contrast with theory, as targeted recruitment practices have not been observed to be a replacement for organisational learning.

9.4.6 Summary

This section has provided a detailed account of the similarities and differences between the cases and the theory developed to explain the role of organisational and human resources in translating cultural support for SERP implementation into practice. A summary of the comparisons is provided below in Figure 57 and Figure 58.

9.5 Conclusion

This chapter provided a detailed analysis of the similarities and differences between the two case organisations featured in Chapters 7 and 8 (*see* Figure 57 and Figure 58). This is the first step toward generating theory and looking past any first impressions formed during the analysis of the cases in isolation (Eisenhardt, 1989).

Throughout this chapter, each research question was reiterated and its treatment summarised in tabular form in each instance. Initially, empirical similarities and differences between the cases were identified. These were subsequently juxtaposed onto the proposed theory to identify findings that fit or extend the model proposed in Chapter 3.

Section 9.2 approached the role of top management and its support for SERP. It emerged that the ‘leading’, ‘sanctioning’, ‘ratifying’, ‘communicating’ role of top managers was dominant over direct management practices, such as the establishment of reward and compensation incentives.

Section 9.3 detailed the cross-case comparison pertaining to differences between subcultures. The section highlighted the significant obstruction to SERP implementation presented by institutionalised practices, such as the defence of established procurement practices and loyalty to certain suppliers. Subcultural differences were also seen to exist along lines that are not ordinarily observable through organisational structure.

Figure 57: Empirical comparison of how organisational and human resources are used to implement SERP in the case organisations repeated

How are organisational and human capital used to implement SERP in the case organisations?	
EMPIRICAL SIMILARITIES	EMPIRICAL DIFFERENCES
<p><i>For both case organisations...</i></p> <p><i>Process of policy implementation</i></p> <ul style="list-style-type: none"> ○ Stakeholder consultations as the first step in developing SERP policy ○ Structured cross departmental SERP policy implementation process ○ Departments involved in implementation, except procurement, are not part of the commercial division <p><i>Training</i></p> <ul style="list-style-type: none"> ○ Very limited training and this is only delivered to individuals central to the organisations' SERP implementation effort ○ Emphasis is on managers' extant knowledge <p><i>Supplier engagement and development</i></p> <ul style="list-style-type: none"> ○ Strong culture of dialogue with suppliers with the recognition that they are likely not to be at the required standard immediately. <p><i>Organisational learning</i></p> <ul style="list-style-type: none"> ○ Learning from taking guidance from internal and external stakeholders ○ Knowledge mobilisation through recruitment practice ○ Allocation of human capital to SERP 	<p><i>Process of policy implementation</i></p> <ul style="list-style-type: none"> ○ Guidance on SERP implementation originated from internal stakeholders in Case Alpha and from external in Case Beta ○ SERP implementation in Case Alpha relies on efforts made by CSR department. A decentralised process divides responsibility for implementation in Case Beta. <p><i>Training</i></p> <ul style="list-style-type: none"> ○ There were no differences between the case organisations with regard to the provision of training pertaining to SERP implementation. <p><i>Supplier engagement and development</i></p> <ul style="list-style-type: none"> ○ Supplier practices in Case Alpha are separate: 'engaging' through guidance; and 'developing' through changing their practice. Case Beta does not show this distinction. <p><i>Organisational learning</i></p> <ul style="list-style-type: none"> ○ Case Alpha learns from internal stakeholders and Case Beta from external to implement SERP ○ Both organisations recruit internally but Case Beta 'procures' knowledge externally

Finally, section 9.4 compared the case organisations in terms of the organisational and human resources used for SERP implementation. The resources observed in the cases revolved around their sophisticated supply chain processes and their practices to cultivate skills and knowledge. The former revealed the case organisations' established processes, from stakeholder consultations to continued and regular use and improvement of buyer-supplier relationship management tools. Both cases also exhibited a strong culture of dialogue (as opposed to adversarial or collaborative practice) with their suppliers. Findings pertaining to skills and knowledge revealed very limited training sessions that seemed to be replaced with the recruitment of individuals for their extant knowledge.

Figure 58: Theoretical comparison of how organisational and human resources are used to implement SERP in the case organisations repeated

How are organisational and human capital used to implement SERP in the case organisations?	
THEORETICAL SIMILARITIES	THEORETICAL DIFFERENCES
<p><i>Process of policy implementation</i></p> <ul style="list-style-type: none"> Engagement of valuable human capital to lead SERP (Barney, 1991) SERP implementation expertise (Zhu <i>et al.</i>, 2008c; Ciliberti <i>et al.</i>, 2008) Social capital used to support SERP (Walker, 2008; Andersson and Bateman, 2000; Drumwright, 1994) <p><i>Training</i></p> <ul style="list-style-type: none"> None <p><i>Supplier engagement and development</i></p> <ul style="list-style-type: none"> The structured development and use of supplier relationship management tools (Lee <i>et al.</i>, 2009; Carr and Pearson, 2002; McGinnis and Vallopra, 1999) <p><i>Organisational learning</i></p> <ul style="list-style-type: none"> Guidance on approaching SERP through stakeholder consultations (Ehrgott <i>et al.</i>, 2011; Andersen and Skjoett-Larsen, 2009; Fransen and Kolk, 2007) Allocation of dedicated human capital (Barney, 1991; Gottschalg and Zollo, 2007) 	<p><i>Process of policy implementation</i></p> <ul style="list-style-type: none"> Extant approaches to supply chain policy implementation concentrate on the buyer-supplier relationship rather than inside the focal organisation (Lee <i>et al.</i>, 2009; Krause <i>et al.</i>, 2000; Heide and Miner, 1992) <p><i>Training</i></p> <ul style="list-style-type: none"> Complete lack of structured training (Welford and Frost, 2006; Mamic, 2005) <p><i>Supplier engagement and development</i></p> <ul style="list-style-type: none"> QUEST (Case Alpha) and BEST (Case Beta) are halfway points between monitoring and collaboration (Krause <i>et al.</i>, 2007; Wynstra <i>et al.</i>, 2001) Case Beta's use of awards for suppliers (Bowen <i>et al.</i>, 2001b) <p><i>Organisational learning</i></p> <ul style="list-style-type: none"> Targeted recruitment rather than internally generated knowledge through training (Vachon and Klassen, 2006a; Lee, 2008; Mamic, 2005), and action and interpretation (Rudolph <i>et al.</i>, 2009)

The prime example is the Case Beta's procurement managers being more engaged with SERP, if they procured materials that are strategic to business operations. It also emerged in the same case that top management affects subcultures through the voluntary appointment of sustainability managers, whose remit is to support top management support at the departmental level.

Building on chapters 7 and 8, this chapter has compared and contrasted both the empirical findings as well as their theoretical coherence. The following chapter integrates these discussions with findings from the quantitative analyses in chapters 5 and 6 to discuss support for the thesis' propositions.

10. Discussion

10.1 Introduction

This chapter consolidates the lessons learnt through the quantitative and qualitative approaches to answering the research question. It also discusses the findings of the empirical chapters in relation to both the extant SERP literature and the theoretical propositions of the thesis developed in Chapter 3. It concludes by providing a foundation for the conclusion of the thesis, by recognising that this discussion fits into a wider context of furthering academic knowledge of the discrepancy between policy and practice, as well as of how organisations overcome obstacles to SERP implementation, as discussed in the introduction to this thesis.

10.1.1 Structure

This chapter layers the different lessons learnt in each chapter in order to, first, summarise the knowledge contained in the extant literature and the manner in which this thesis contributes to this body of knowledge. This recapitulation of the background discussed in the literature view is followed by summaries of the lessons learnt in both the quantitative study (Chapters 5 and 6) and the case studies (Chapters 7 and 8). These lessons lead to the crux of the chapter, which is a detailed discussion of the level and types of support shown for each proposition developed in Chapter 3. Consideration is then given to how the studies' empirical findings may inform the theoretical underpinnings and suggest foundations for the development of new propositions for future study. The key contributions of the thesis are subsequently presented. The chapter concludes by detailing both the limitations as well as the implications this thesis may have on managerial theory and practice.

10.2 Lessons from the literature review and empirical chapters

This section takes stock of the key findings learnt in the literature review and the empirical chapters of this thesis.

10.2.1 *Lessons from the literature review*

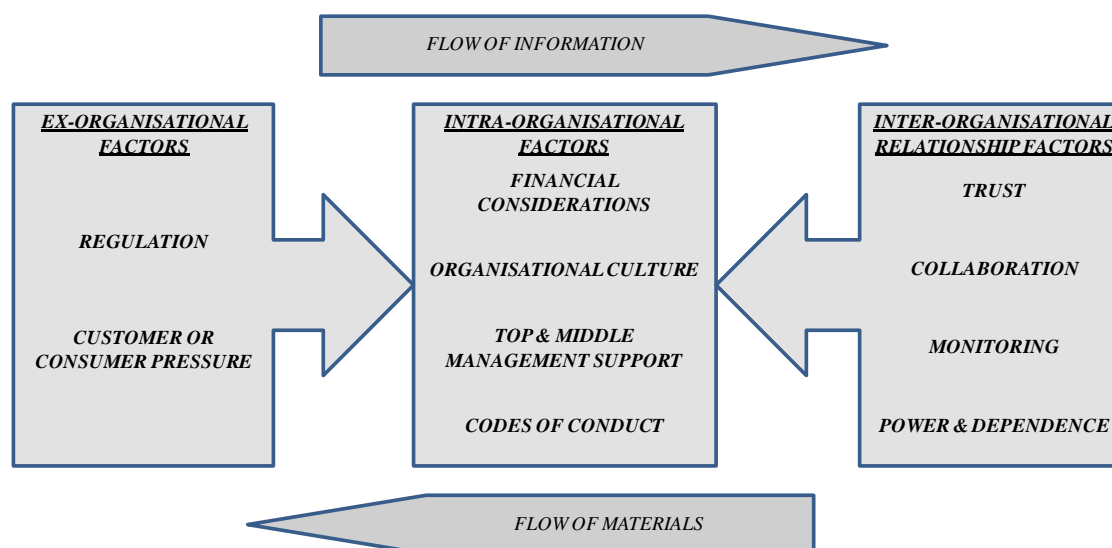
A two-pronged approach was taken in the literature review. Firstly, a bibliometric analysis (Borgman, 1990; Nicholas and Ritchie, 1978) was adopted in order to reduce further fragmentation in the research effort in this area and to expose fruitful areas for future research (de Bakker *et al.*, 2005). A thematic approach was also taken according to the techniques recommended by Ryan and Bernard (2003) to expose the detail of the scholarly discussion on SERP.

The bibliometric analysis found that SERP has not broken through into the general management literature and is still largely contained in the literature pertaining to supply chain management and to CSR. It was also observed that there is a significant focus on organisations based in the United States. Less than 20% focussed on the United Kingdom, China and other multinational contexts. This has prevented learning from buyer-supplier relationships in different institutional contexts. Furthermore, using the typology developed by de Bakker *et al.* (2005), it was found that the majority of the extant SERP literature is characterised by a ‘descriptive’ approach to the phenomenon. According to de Bakker *et al.*’s (2005) typology, studies of this sort serve only to report fact or opinion and do not aim to develop or contribute to theory. A paucity of ‘instrumental’ (*ibid.*) studies and studies examining both social and environmental practices in buyer-supplier relationships was also identified.

The thematic analysis of the literature revealed three broad focal points of the literature (repeated in Figure 59): factors external to the organisation; intra-organisational factors; and factors extant in the relationship between the buying organisation and the supplier.

Notably, there were mixed findings in the literature with regard to the effect of governmental regulation (Cornell and Shapiro, 1987; Carter *et al.*, 2000; Maignan and McAlister, 2003) and financial performance (Carter, 2005, 2000; Carter and Jennings, 2002; Min and Galle, 1997). The most conducive type of transaction is also a point of contention in the literature, where some scholars advocate for collaboration (Vachon, 2007; Lim and Phillips, 2008) and others warn against it (Krause *et al.*, 2007; Wynstra *et al.*, 2001).

Figure 59: Themes identified in the SERP literature repeated



Contention, however, was not omnipresent. The literature coherently reports the essential role of the support given by top (Cooper *et al.*, 2000; McDonald and Nijhof, 1999) and middle management (Bowen *et al.*, 2001b; Carter and Ellram, 1998); displaying that support through company policy (Roberts, 2003; Emmelhainz and Adams, 1999; Cooper *et al.*, 1997). On this latter point, codes of conduct are considered to be the most often used tool by organisations to implement SERP (Pedersen and Andersen, 2006; Roberts, 2003).

Out of this literature grew the focus of the current thesis in light of concerns that policy was not only considered a proxy for the behaviour of employees but that the efficacy of codes of conduct and other self-regulatory instruments may have been deteriorating (Lindgreen and Swaen, 2010; Lindgreen *et al.*, 2009b; Boyd *et al.*, 2007; Welford and Frost, 2006; Sitkin and Roth, 1993). The current thesis looked beyond policies by considering them only as cultural artifacts, sanctioned by top management to communicate what is strategically important to the working of the organisation (Schein, 2004; Sims, 1991). It also looked beyond policies by examining them not only from the perspective of the procurement department but also by their reflection in the behaviour of the procurement department in national and international procurement contexts.

10.2.2 *Lessons from the quantitative study*

The aim of the first empirical chapter (Chapter 5) was to reveal and describe the discrepancy between SERP policy and SERP practice. It did so by drawing upon the data collected in the survey of 340 domestic and international buyer-supplier relationships from 178 buying organisations based in the United Kingdom.

In Chapter 5, it was found that organisations do support SERP – with all results in this regard lying above the mid-point – and that this support increases in line with the organisation's size. It was also found that all levels of SERP implementation lie *below* the mid-point and that the level of implementation also rises in line with the size of the organisation. Combining support and SERP implementation, the proportion of support for SERP fulfilled by SERP implementation on the part of the procurement department was calculated and revealed three important aspects of the data:

1. In the main, support for ERP is more fulfilled than that for SRP.
2. In international contexts, support for SRP is much more fulfilled than that for ERP in relationships with suppliers in emerging economies.
3. Top management support displayed informally receives a better response than formal support.

Introductions to theoretical explanations that may be used to explain these trends were provided and elaborated if they were also substantiated by the regression analysis in Chapter 6.

The aim of the second empirical chapter (Chapter 6) was to empirically test, using OLS regression methods, a set of hypotheses that reflected the conceptual propositions developed in Chapter 3. The dependent variable for the survey was developed using a method adapted from Bloom and van Reenen (2007) to measure the behaviour of procurement managers by quantifying their qualitative responses (see section 4.5.4 for a more detailed treatment of this method). The explanatory and control variables were part of a 7-point Likert scale survey that was completed partially online and partially over the telephone (see section 6.3 for a more detailed treatment of this process).

Indeed, the regression analysis found that environmentally responsible procurement (ERP) is less reliant on top management support than its social counterpart (SRP). The chapter's findings also support Carter *et al.* (1999) and Cooper *et al.* (1997), who place the emphasis on top managers' behaviour rather than on formalised policy. In line with theory developed in Chapter 3 and that of Barney (1991), Chapter 6 introduced organisational resources that the procurement department could use to further its implementation of SERP: international experience (i.e. experience with suppliers outside of the United Kingdom) (Frenkel, 2001; Tadepalli *et al.*, 1999); monitoring capability (Pedersen and Andersen, 2006); and supplier development activities (Lee *et al.*, 2009). It was found that an organisation's capability to monitor its suppliers is essential for SERP implementation and that international experience played a more influential role in the implementation of SRP than of ERP. Findings pertaining to supplier development gave further impetus into the role of supplier development initiatives in the case studies.

10.2.3 *Lessons from the case studies*

Two case studies were conducted, in order to investigate the mechanisms of SERP implementation. The first case study is a domestic hardware retailer (Case Alpha) and the second, a multinational tobacco manufacturing business (Case Beta). The protocol in each case involved interviews with a variety of staff members, the collection of written policies, photographs and researcher contact notes (Miles and Huberman (1994).

Analysis of the data revealed that support given to SERP by top management is more in line with the theory of 'leadership' (Northouse, 2004; Carlson and Perrewé, 1995) than that of 'management' (see Aghion and Tirole, 1997). The case studies also revealed that the origin of the organisations' policy development process was internal and external stakeholder consultation. After this, however, the cases differed in their methods of communication and information dissemination. Alpha exhibits a highly centralised system centring on the actions of the CSR department, whereas Beta's decentralised process revolves around a channel of communication from top management down to the procurement department that involves staff members from a variety of different parts of the business.

The cases also revealed three additional findings. Firstly, any lack of buy-in to SERP within the procurement department is likely to have originated in the organisations' effort to respond to stakeholder demands, whereby they have been pressured into focussing SERP efforts on strategically sourced products (i.e. products that contribute directly to their core strategy: timber and tobacco). Procurement managers not contributing to this were excluded from the process. Secondly, both organisations empowered internal actors by delegating the 'management' of SERP implementation to departments. Beta goes further as to use "localised leadership", in the form of appointing 'sustainability coaches' to support and promote SERP at the departmental level.

Thirdly, on the nature of the supplier development, both organisations showed reliance on sophisticated supplier management tools and an emphasis on dialogue with the suppliers to improve their current non-compliance. Case Alpha gave reason to conceptually divide supplier development into 'engagement' and 'development' – the former concentrating on the provision of progress reports and feedback, the latter concentrating on the active alteration of supplier practices.

10.3 Discussing the theoretical propositions

This section discusses the degree of support in this thesis for each theoretical proposition developed in Chapter 3. The background to each proposition is summarised here and complemented with evidence from both quantitative and qualitative findings to determine whether the proposition is supported, partially supported or not supported.

10.3.1 Propositions 1a-1d

These four propositions are based on a materially differentiated view of organisational culture that supports differences in cultural values and artifacts between intra-organisational subgroups (Wilson, 2001, 1997; Barley, 1986; Lucas, 1987). In the current study, organisational culture is defined as the conspicuous and observable manifestations of top management's and the procurement department's espoused values and beliefs within the context of their subculture. This definition is adopted for four reasons:

1. It facilitates the examination of that which the procurement manager perceives to be valued by the organisation;
2. It facilitates the identification of consistencies of such manifestations between organisational subgroups and their importance with regard to SERP implementation.
3. It emphasises the actions of the subgroup that reflect and form organisational culture (Jung *et al.*, 2009; Sackmann, 1992) rather than the values of the individual (Hofstede, 2001).
4. It emphasises an interaction between subgroups under differing commercial and non-commercial pressures, whose values interact through ‘action and words’ (van Maanen, 1988; Riley, 1983)

10.3.1.1 Proposition 1a

“The level of top management support will have a positive effect on the degree of SERP implementation”

This proposition is based on the argument that top management is a repository of institutionalised authority that can be used voluntarily and involuntarily to shape organisational culture (Sims, 1991; Blau, 1964). This authority can thus be reflected in the endorsement of responsible behaviour (Murphy and Enderle, 1995).

Evidence supporting this proposition revolves around top management’s concentration on communication with internal stakeholders. It was seen in Case Alpha, for example, that communication from top management regarding SERP compliance had been consistent for 20 years and in Case Beta that top management is the first stage of an established, multi-level communication channel down to procurement managers.

The proposition can be questioned, however, in light of the regression analysis in chapter 6 that suggests top management support can be replaced by institutional forces. It was found that top management support was not as important for ERP as for SRP and argued that the more institutionalised nature of environmentally responsible practices may have replaced previously essential support from top managers. This is

compounded by top management’s role in Case Alpha to only ratify SERP policy in the implementation process.

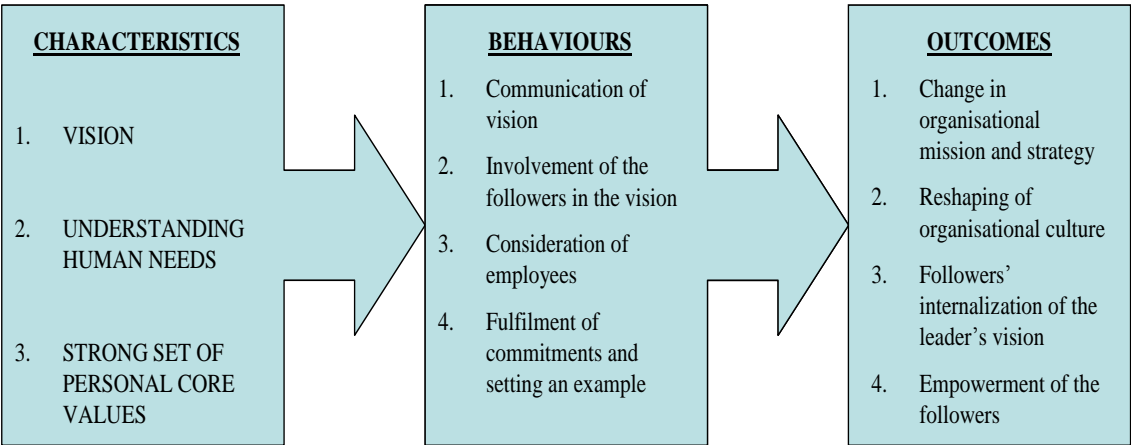
The combination of this evidence lends support to the literature thus far that has found top management support an important factor in SERP (e.g. Carter *et al.*, 1999; Carter and Ellram, 1998; Min and Galle, 1997). Considering the effect of institutionalised practices, this study suggests a theoretical nuance insofar as top management support may be needed only until the practice becomes a natural part of the organisation’s practice (Berger and Luckmann, 1967). Furthermore, the concentration on communications could allude, in the context of SERP, to top management’s ‘leadership’ rather than ‘management’ role (Aghion and Tirole, 1997).

10.3.1.2 Proposition 1b

“A leader’s influence will have a positive effect on the degree of SERP implementation”

This proposition is based on the argument that SERP may be the result of influence based on values (Carlson and Perrewe, 1995) rather than management based on authority (Rost, 1993). The process of transformational leadership is considered to be the process most conducive to the instillation of ethical practices in an organisation (Carlson and Perrewe, 1995; Figure 60).

Figure 60: Process of transformational leadership repeated



Evidence supporting this proposition is rooted in top management's communications and behaviour. In both cases, for example, top managers are not involved in developing implementation strategies. They are, however, engaged in translating stakeholder pressure into internal strategy and communications. In Case Alpha, top management ratifies policy suggested by the CSR department in line with stakeholder pressure. In Case Beta, stakeholder pressure is translated by top management into messages incorporated into the 'chain of command'. These findings are complemented by the strong presence of cultural artifacts, in the form of posters and sustainability reports.

In direct relation to Carlson and Perrewe's (1995) theory of transformational leadership (Figure 60), the empirical evidence supports "1. Communication of the vision"; and "2. Involvement of followers in the vision". The first is largely addressed above. The second is seen in the case studies through the appointment of 'sustainability coaches' in Case Beta and the consultation of internal stakeholders in Case Alpha. There is also limited evidence lending support to Outcome 4: "Empowerment of the followers", in the limited training that exists and the appointment of localised leaders ('sustainability coaches') in Case Beta. Practitioners are yet to go beyond this to fulfil other aspects of Carlson and Perrewe's (1995) model that may require more paradigm alteration, such as a "strong set of personal core values" (Characteristics) and a "change in organisational mission and strategy" (Outcomes).

The proposition is supported nonetheless, as top managers are indeed reluctant to pay their staff 'simply for doing the right thing' (Treviño and Youngblood, 1990) and therefore the way in which they *lead* employees to behaviour in line with stakeholder demands is crucial.

10.3.1.3 Proposition 1c

"Internal company policy will have a positive effect on the degree of SERP implementation"

This proposition is based on the argument that organisations use formal manifestations of top management support for SERP (von Solm and von Solms, 2004) to communicate what constitutes a sanctioned action in the organisation (Sims, 1991; Deal and Kennedy,

1982); to support employees' ethical actions (Adams *et al.*, 2001); and to limit the behavioural choices of the procurement manager (Ammeter *et al.*, 2002).

In both preferred regression models in Chapter 6, formal policy was revealed to be extraneous in light of the prominent influence of top management's informal manifestations of support. This finding adds more support to extant concerns that policy may not be as influential as once thought (Boyd *et al.*, 2007; Sitkin and Roth, 1993). The evidence contained within the case studies (chapters 7 and 8) reveals the presence of a variety of policies developed specifically to guide the behaviour of procurement managers in their management of suppliers as well as to communicate to existing and potential suppliers the required standards. These include the supplier management policies (named 'BEST' and 'QUEST') and readily available supplier codes of conduct.

There is a difference between these policies, however. The policies referred to in survey items used in Chapter 6, adapted from Simpson *et al.* (1997: environmental) and Maignan and Ferrell (2000: social) are policies, to which the survey participant must adhere. Health and safety and discrimination policies are prime examples of these. 'BEST' and 'QUEST' and codes of conduct are not policies targeted toward the survey participant per se but rather toward suppliers, i.e. the survey participant uses them to ensure supplier compliance. In this regard, they are policies that directly affect procurement practice.

Whilst Simpson *et al.*'s (1997) and Maignan and Ferrell's (2000) items were used to determine the formalised aspect of organisational culture, the case findings suggest that internal policies that alter the environmental and social attitude of procurement practice (rather than general policies) ought to be the focus of future quantitative studies. Policies, as examined in this thesis, are effective tools to communicate the internal organisational culture to external stakeholders (Kolk and van Tulder 2002a&b; Murphy and Poist, 2002) not to guide procurement managers toward implementing SERP.

10.3.1.4 Proposition 1d

“Reward schemes and other compensation mechanisms will have a positive effect on the degree of SERP implementation”

This proposition is the second pertaining to the formal manifestation of top management’s support for SERP implementation. It is based on the argument that top management can use reward and compensation mechanisms to not only communicate within the organisation what is valued (Sims, 1991) but also to reduce agent opportunism (Jensen and Meckling, 1976). Sims (1991) points out that management may, in its efforts to communicate a valued action, strive to create a separate and purpose-built mechanism. However, the subtlety and guise needed for SERP practices to be accepted more readily at lower hierarchical levels of the organisation may actually be more appropriate (Jose and Thibodeaux, 1999). The obstructive perceptions of explicit, ‘purpose-built’ organisational structures revolve around the *explicit* dimensions that may be perceived as superfluous or potentially counter-productive to the daily operation of the procurement function (*ibid.*). Furthermore, Pfeffer (1998) warns that managers need to be aware that pay practices send very effective signals down the organisational hierarchy.

Some evidence relating to procurement managers’ perceptions of separate mechanisms being perceived as superfluous or counter-productive was found in both case organisations. Furthermore, and despite Pfeffer’s (1998) warning, reward and compensation mechanisms pertaining to SERP implementation were completely absent, lending support to Treviño and Youngblood’s (1990) finding that managers are very reluctant to pay employees purely for doing the right thing.

10.3.2 Proposition 2

“The degree to which the procurement department’s support for SERP is aligned with that of top management positively moderates the relationship between top management’s support for and the implementation of SERP”

In the same way as propositions 1a-1d pertain to the subculture of top management, this proposition pertains to the subculture of procurement managers. In this regard, it is also

based on a materially differentiated view of organisational culture (Lucas, 1987; Barley, 1986; Bacharach and Lawler, 1980). Procurement managers are theorised to be part of a different subculture than top managers for the difference in commercial pressures between the two groups (Saini, 2010) that engender different attitudes and practices (Jung *et al.*, 2009) that provide an insight into their subculture (Sackmann, 1992; van Maanen, 1988).

Evidence that procurement departments' support for SERP facilitates the process of translating policy into practice, in fact, revolves around the efforts of top management to alter organisational culture (Carlson and Perrewé, 1995; Sims, 1991; Blau, 1964) and around evidence of lack of support being a barrier for SERP implementation. Both case studies reveal these efforts in the form of refined 'socialisation regimes' and 'recruitment practices' (Gottschalg and Zollo, 2007). Counter to these efforts, however, both cases reported the obstructive nature of entrenched practices. Notably, this includes the disproportionate level of loyalty exhibited by a procurement manager to a certain supplier and the belief that established procurement practices would change with the introduction of SERP practices.

Whilst the evidence thus far supports the proposition, it is important to recognise the possible extension of this approach. The proposition specifies the alignment between the subcultures of top management and the procurement department. The data in both case organisations lead to an extension of this, in order to include the analysis of more intra-organisational subgroups. Case Alpha, for example, relied heavily on the input of the CSR and Quality Assurance department. Case Beta revealed central roles played by the Environment, Health and Safety department and Procurement Account Managers.

Furthermore, subcultures may not be defined along formal lines. Case Beta provided evidence that one subculture could be cross-departmental with regard to actors involved in the 'chain of command' (the channel of communication between top management and those involved in SERP). Both cases revealed that subcultures may also be present within departments, insofar as their focus on improving SERP practices in supply chains of strategic products has produced subcultures that exclude those actors procuring non-strategic items (see Kraljic, 1983).

This evidence lends further support to the philosophical stance accommodating for differences in organisational culture regarding approaches to SERP. Future studies must take into account the ways in which subcultures divide intra-organisational actors.

10.3.3 *Propositions 3a-3d*

These propositions are based on the resource-based view of the firm (Barney, 1991), which is defined as “all assets, capabilities, organisational processes, firm attributes, information, knowledge etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness” (Barney, 1991: 101, see also Bowman and Ambrosini, 2003; Mahoney and Pandian, 1992).

The purpose of including this perspective is to recognise that cultural support requires dedicated resources (Simpson *et al.*, 2007; Carter *et al.*, 1999) to make the transition to action. This is summarised by Amit and Schoemaker (1993: 35), who state that it is important to recognise employees’ “capacity to deploy *Resources* [using] organisational processes, to effect [sic.] a desired end.” The focus of the thesis is on organisational (Tomer, 1987) and human resources (Hofer and Schendel, 1978; Becker, 1964) because physical resources are only deployed to ‘conceive of and implement strategies’ that are a material manifestation of top management’s subculture.

This focus is primarily a response to Barney *et al.*’s (2001) belief that the CSR literature would benefit from examination of intangible resources. The combination of their examination with that of organisational culture is supported by Carmeli and Tishler’s (2004) assertion that culture is important in improving ‘efficiency and effectiveness’.

10.3.3.1 **Proposition 3a**

“The degree of importance of the procurement function positively moderates the relationship between top management’s support for and the implementation of SERP”

This proposition is based on the argument that the effective communication from top management that SERP is a valued initiative in the organisation (Sims, 1991) and that the procurement department is of strategic importance in the success of this activity (Freeman and Cavinato, 1990). Supporting the procurement department’s engagement

with SERP and increasing the salience of the department in this way (New *et al.*, 2000) would guide its behaviour to ‘seek out and exploit opportunities’ that are in line with the communications from top management, i.e. to implement SERP (Lee *et al.*, 2009).

In its description of the quantitative data, Chapter 5 revealed the high levels of top management support for SERP. Part of the construct is an item that measures the department’s importance with regard to SERP: “Procurement department’s views of SERP are important”. This item received responses that, on average, ranged between 4.74 and 5.54 (the midpoint on the Likert scale is 4).

Both case organisations exhibited support for this proposition. The first step in policy development in Case Alpha involved consulting the procurement department to ensure the feasibility of proposed policy. Case Beta clearly reported the importance of procurement category managers in the organisation’s efforts to implement SERP, to the extent that these members of the department are the only ones to receive regular and dedicated training regarding SERP.

As an indicator of the department’s importance in implementing SERP, the lack of training for other types of procurement managers may be cause to doubt the proposition (Welford and Frost, 2006; Mamic, 2005). This may also be further support for the argument that managers are unwilling to pay for socially and environmentally responsible behaviour (Jose and Thibodeaux, 1999; Treviño and Youngblood, 2000). Both case organisations seem to place more emphasis on the knowledge of SERP that new recruits bring with them than on developing knowledge of current employees. Furthermore, Case Alpha revealed the importance of the Quality Assurance department in SERP enforcement and that this department possesses the power of veto over decisions made by the procurement managers. The cases also introduce a nuance to the proposition based on the contribution made by the goods procured (Kraljic, 1983). It emerged that efforts to implement SERP in the procurement department are concentrated on buyer-supplier relationships procuring strategic items.

10.3.3.2 Proposition 3b

“The degree of the procurement department’s international experience positively moderates the relationship between top management’s support for and the implementation of SERP.”

This proposition is based on the argument that an organisation’s capability to implement its SERP policy with foreign suppliers would increase with its amount of international trading experience. The industrial pursuit of lower production costs has given rise to relationships with suppliers domiciled in nations characterised by institutional contexts that are at odds with the values of and pressure for SERP experienced by the buying organisation (Tadepalli *et al.*, 1999). Organisations faced with the challenge of reconciling stakeholder pressure with potential social and environmental violations made by foreign suppliers, therefore, may establish incentives or a system of reward and punishment (Bowen, 2001b; Pedersen and Andersen, 2006). Through continued experience dealing with foreign suppliers, it is posited that the use of such mechanisms would be more effective when applied in international contexts (Hill *et al.*, 2009; Cousins and Lawson, 2007; Artz, 1999).

The regression analysis in Chapter 6 lends support to this proposition insofar as international experience is an important resource for the implementation of socially responsible procurement (SRP). It was explained theoretically that SERP violations abroad are located in emerging economies (Ehrgott *et al.*, 2011; Lim and Phillips, 2008) and are concentrated around human rights, labour standards and other society-based violations (Locke *et al.*, 2007; Smith and Crawford, 2006). International experience, in this regard, serves as a resource (Barney, 1991) that enables buying organisations to implement their SERP policy with the awareness of cultural interpretations and reactions (Wood, 1995); with a superior level of “knowledge about international markets and operations, as well as the efficiency with which such knowledge is acquired” (Knight and Cavusgil, 2004: 127); and with the understanding of ways in which suppliers may resist this pressure (Ferner *et al.*, 2005). The theoretical explanation in Chapter 6 detailed the central role played by international experience to supplement comparatively weak institutional pressures in SRP implementation that are stronger in the context of ERP.

Both cases related their efforts to SRP with suppliers in emerging economies, which supports Meyer's (2004) focus on labour standards and other social issues as a major concern for international business. Case Alpha described their efforts changing sourcing practices of Mother of Pearl in the Philippines and improving contact between management and employees in a Chinese factory. Case Beta's publicised efforts include heavy involvement and role as co-founder of the multi-stakeholder, ECLT (Eliminating Child Labour in Tobacco-growing) Foundation. This complements its own internal SRTP (Socially Responsible Tobacco Production) Programme to work with suppliers to adhere to internationally-recognised labour standards.

This focus throughout all sources on SRP implementation usurped evidence pertaining to ERP implementation. Although lack of evidence for the latter does not negate the proposition that international experience facilitates ERP, it is useful to consider that the buying firm's efforts abroad may not be entirely under the buying firm's control. Rather, international experience is an essential driver in providing remedy for salient violations in supplying nations, whether pressure is to remedy violations that are social or environmental in nature.

10.3.3.3 Proposition 3c

“The degree to which sophisticated supply chain processes are present positively moderates the relationship between top management's support for and the implementation of SERP”

This proposition is based on the observation of internal processes established by and entirely within the buying firm (Barney, 1991), in order to reduce transaction costs (Lee *et al.*, 2009; Williamson, 1985); to reduce supply risk (Zsidisin and Smith, 2005); and to improve supplier performance (MacDuffie and Helper, 1997; *see also* Carter and Narasimhan, 2000; Krause, 1999).

Sophisticated supply chain processes mitigate the effects of uncertain industrial environments (Noordewier *et al.*, 1990) that characterise SERP, given the variance of its effects on organisational and financial performance (*e.g.* Bragdon and Marlin, 1972; Walley and Whitehead, 1994; Alexander and Buchholz, 1978; Abbott and Monsen, 1979).

Although the original purpose of sophisticated supply chain processes in the buying firm's procurement strategy is likely to have been financial (Carr and Pearson, 2002; McGinnis and Vallopra, 1999), the processes identified in this study serve as a dedicated resource for the procurement department to communicate their support for SERP practices to the supplier by making the goals of the relationship more congruent between the organisations involved (Pedersen and Andersen, 2006) and specifying the role of relationship-specific investments (*ibid.*) aiding organisations that are a) dependent on key, external resources and b) facing uncertainty in their supply chain (Carter and Rogers, 2008; *see also* Noordewier *et al.*, 1990).

The key pieces of evidence in support of this proposition are the backbones of each case organisation's SERP effort. Each had developed a sophisticated supplier management tool that involved engaging internal and external stakeholders, the input of multiple departments and of key individuals. In the tool developed by Case Beta, six of the eleven criteria were directly targeted at the assessment of socially and environmentally responsible practices in suppliers. Case Alpha had developed "QUEST" and Case Beta, "BEST".

The reliance of both organisations on these systems cannot be downplayed. Both can be traced to the support for SERP provided by top management and to the stakeholders who provided input to their development. During a stakeholder dialogue day held by Case Beta, to which the author was invited, for example, it was made clear that the outcomes of the day would shape future revisions of "BEST".

Despite the compelling role played by these supplier management systems, the conflicting findings in Chapter 6 do not lend much support. In the empirical study, items that were labelled by Lee *et al.* (2009) and Krause *et al.* (2000) as 'supplier development' were employed as empirical representations of the underlying theoretical construct: sophisticated supply chain processes. The evidence in both case organisations, however, clearly exhibits the presence of a very 'sophisticated supply chain process'. This warrants some further consideration of this construct.

‘Supplier development’ constructs have been used to argue that the activity is important to maintain or improve an organisation’s financial performance (Carr and Pearson, 2002; McGinnis and Vallopra, 1999) as well as to improve supplier performance in terms of quality, order cycle duration and delivery time (Lee *et al.*, 2009; Krause, 1999; MacDuffie and Helper, 1997; *see also* Carter and Narasimhan, 2000). Both case studies, however, bring to the fore a different set of considerations of what may constitute supplier development in the context of SERP implementation. This discussion is continued in section 10.4.3 when steps are taken toward new theoretical constructs.

10.3.3.4 Proposition 3d

“The degree of skills and knowledge pertaining to SERP activities positively moderates the relationship between top management’s support for and the implementation of SERP”

This proposition is based on the argument that skills and knowledge, however they are acquired, serve as a core capability to implement SERP (Andersen and Skjoett-Larsen, 2009) and are essential for procurement managers to translate the acquired knowledge into action (Roome and Wijen, 2006). The SERP literature has revealed the importance of skills and knowledge primarily through examples where they are absent (e.g. Zhu *et al.*, 2008c; Ciliberti *et al.*, 2008; Mamic, 2005).

Acquiring knowledge could emerge as an iterative process of action and interpretation (Rudolph *et al.*, 2009) that is encouraged by organisational culture (Roome and Wijen, 2006). Organisations can also learn through repeated interaction with stakeholders, particularly in the context of SERP, where stakeholder pressure guides socially responsible commercial activity to a high degree (Ehrgott *et al.*, 2011; Fransen and Kolk, 2007). It could also originate intrinsically – for example through the individual’s unique history (Deci, 1975). Gottschalg and Zollo (2007) identify ‘job design’ and the organisation’s ‘socialisation regime’ as tools to align the intrinsic knowledge of the individual with daily operations. A prime example of this includes training (Lee, 2008).

Evidence supporting this proposition revolves around recruitment practices and stakeholder consultation. It was acknowledged in both organisations that ‘new blood’

in the business is important. Case Beta in particular recognises the attitudes held by the younger generation are more aligned with the goal of SERP. Furthermore, both cases revealed that individuals with a greater understanding of the commercial side of the business were in key positions in the SERP implementation process (QUAL1 [Alpha] and the Group Head of Environment, Health and Safety [Beta]).

Stakeholder consultation was also observed in both organisations to be their first step of learning how to implement SERP, albeit at the organisational level. Case Alpha also exhibited cross-functional learning, as the CSR team would also consult buying teams in the development of SERP policies.

Recruitment, however, is the mainstay of efforts to acquire skills and knowledge. Both organisations showed little evidence of training. The training that was reported served primarily to enable the trainee to engage intrinsic knowledge rather than improve on extant knowledge (Lee, 2008; Gottschalg and Zollo, 2007).

In this regard, the proposition is supported, as skills and knowledge are acknowledged to be an important driver for SERP implementation. In one sense, observations in the cases reveal that skills and knowledge are ‘procured’ through recruitment rather than developed internally.

10.3.4 Summary

This section has discussed the propositions developed in the conceptual development (Chapter 3) in light of both the evidence in the empirical chapter and the SERP literature. Of the nine propositions, only Proposition 1d was completely unsupported, which lends support to findings by Jose and Thibodeaux (1999) and of Treviño and Youngblood (2000) that suggest that managers are distinctly averse to linking financial compensation of any kind to morally-based action.

A summary of each of the preceding sections shall now be provided.

10.3.4.1 Top management support for SERP

It emerged that the role of top managers is more of a leadership than management role (Carlson and Perrewé, 1995) in the context of SERP. That top management serves to communicate sanctioned action (Sims, 1991) through ratifying internally-developed policy (Case Alpha) and does so most effectively through behaviour rather than policies (Chapter 6) is cause to reconsider its role.

Policies were taken in Chapter 6 to be manifestations of top management's subculture (Schein, 2004) and efforts to affect organisational culture (Saini, 2010; McDonald and Nijhof, 1999; Sims, 1991; Blau, 1964). Practices were also considered in the case studies. Jung *et al.*, (2009) advocate observing organisational cultures through practice rather than attempts to examine underlying values, as practices are indeed windows into the world view of organisational actors (see also Sackmann, 1992).

The policies addressed in Chapter 6 were seen to remain policy without the behavioural (or informal) support of top management. Particularly, informal support was seen to be more important in the context of environmentally responsible practices than that of their social counterparts. This was explained in chapter 6 through the theoretical lens of institutional theory and that organisationally-sanctioned practices that are entrenched in daily practice may not require as much support from top management as those that are not. The focus on support for socially responsible procurement practices is still on the informal efforts of top management.

The policy commitments highlighted by the survey items are aimed at the whole organisation and centre upon adhering to domestic labour standards. The main difference between these and those policies identified in the case organisations is the shift in focus to policies that affect procurement *practice* and are aimed at influencing the buyer-supplier relationship (Handfield and Baumer, 2006; Cooper *et al.*, 1997).

10.3.4.2 Effects of intra-organisational subcultures

Effects of intra-organisational subcultures were posited to lie between the organisation and the procurement department. The cases shone light on the importance of the support for SERP present in other organisational subgroups. Some may be defined along formal lines, such as the CSR department (or equivalent) or an 'enforcing'

department (e.g. Quality Assurance). Others may be defined informally, such as those procuring strategic materials as opposed to those who do not (though both are part of the procurement department), or cross-departmental lines, as seen in the ‘chain of command’ linking stakeholders and procurement managers in Case Beta that involves actors from different formal departments and levels of the organisation.

10.3.4.3 Resources and SERP implementation

The procurement department was acknowledged to be an important driver of SERP implementation and its experience with foreign suppliers was seen to support efforts to engage in socially responsible procurement, due to the salience of human rights and labour standards violations in emerging economies (Lim and Phillips, 2008). The results of the empirical construct, ‘sophisticated supply chain processes’ in Chapter 6 (pertaining to Proposition 3c) were mixed and required further exploration provided by the case studies. Both case organisations provided clear support for this proposition. Section 10.4.3 continues this discussion. Skills and knowledge were posited to be cultivated primarily through wholly internal processes, such as training or ‘action and interpretation’ (Rudolph *et al.*, 2009). Rather, the proposition was supported by organisational processes of learning from stakeholders and the recruitment of knowledgeable individuals from outside the focal organisation.

10.4 Towards new theoretical propositions

This section builds on the discussion of the empirical support for the theoretical propositions in the preceding section. In so doing, it makes suggestions for moving toward theoretical explanations of SERP implementation as an impetus for future research efforts.

10.4.1 *The role of top management support*

In this thesis, top management support was posited to be the starting point of SERP implementation within the organisation. Its importance stems from its institutionalised authority over personnel and organisational processes and subsequent ability to affect change and institute organisational norms’ (Sims, 1991; Blau, 1964). It was argued that there are two manners in which top managers could manifest their support for SERP:

informally and formally. Preuss (2009: 736) approaches the use of a code of conduct – which is, in this thesis, an example of a formal (or physical) artifact of top management’s subculture – and defines it as “a formal written policy document that defines the responsibilities of the corporation towards its stakeholders and/or the conduct the corporation expects of its employees”.

Informal manifestations encompass all other conspicuous forms of support for SERP. McDonald and Nijhof (1999), for example, observed a CEO’s efforts to display his support of the establishment of ethical standards. These efforts included securing appropriate resources (see also Carter *et al.*, 1999), being open to scrutiny and consultation as well as the preparation of training materials including a video of himself for ‘train-the-trainer’ sessions (McDonald and Nijhof, 1999).

Empirically, the influence of informal forms of top management support was emphasised much more than that of formal forms. In practice, the informal support of top management involved ratifying internally-generated policy, providing continuous supportive communication, serving as a conduit between stakeholders and the organisation. To refer to Kotter (1990), top managers ‘create a vision’ and ‘align people’ through apparent signs of their support for SERP. Furthermore, the cases brought to the fore top managers’ efforts to ‘build teams and coalitions’ (ibid.) through facilitating cross-departmental communications and initiating a clear audit trail of communication down to procurement managers. Finally, they ‘empower subordinates’ (ibid.) through the appointment of localised leaders. On the point of top managers ‘serving as a conduit between stakeholders and the organisation’, both organisations exhibited evidence of this action being first in the process of developing and implementing SERP policy – although in Case Alpha, this is the task of the CSR department acting under the endorsement of top management.

There exist much fewer characteristics of ‘management’ (ibid.) that emerged in the case studies, save ‘resource allocation’ and ‘providing structure’. In this light, future studies into SERP implementation may develop a perspective of informal manifestations of top management’s cultural support for SERP rooted in the leadership literature. This thesis started along this path by identifying Carlson and Perrewé’s (1995) ‘transformational leadership’ style as most effective for the implementation of ethical practices and seeing

that top managers in the case studies had empirically reached only as far as the authors' (ibid.) 'Behaviours' let alone the 'Outcomes'.

Following the theoretical frameworks developed by Carlson and Perrewé (1995) and Kotter (1990), it is posited that

The prevalence of top management's supportive behaviour of SERP will have a positive relationship with the degree of SERP implementation

Although formal manifestations were not as influential in the quantitative analysis, the case studies brought new light to their use. The policies addressed in Chapter 6 are to gain an insight into the organisation's cultural support for socially and environmentally responsible practice (Maignan and Ferrell, 2000; Simpson *et al.*, 1997). They are aimed at the whole organisation and centre upon adhering to domestic labour standards. However, findings of all empirical chapters led to the contention that it is more useful to observe policies that affect procurement practice and are aimed at influencing the buyer-supplier relationship (Handfield and Baumer, 2006; Cooper *et al.*, 1997). Indeed, observing an organisation's efforts to alter practice may provide a more accurate insight into the underlying aspects of organisational culture (Jung *et al.*, 2009; Schein, 2004). A renewed conceptualisation of 'policies', therefore, reorients the argument toward the examination of 'practical policies'. These are policies, with which procurement managers interact frequently and do not serve to guide procurement managers' behaviour (Ammeter *et al.*, 2007) to adhere to policies that lie outside of their core remit. This does not detract from the importance of respecting policies regarding discrimination and health and safety; it does, however, encourage researchers in this field to focus on how policies that are focussed on procurement practice are perceived and used by procurement managers.

Following these empirical findings and building on Jung *et al.*'s (2009) argument that practices provide an insight into the culture of an organisation, a new theoretical proposition would take into account the need for policy to be related to the practice of procurement managers. Furthermore, the measurement of such policies may also be taken as proxies of top management's subculture, as they are developed and ratified at the organisational level. It is therefore posited that

The prevalence of policies directly affecting the procurement department's practice will have a positive relationship with the degree of SERP implementation

10.4.2 The role of support in organisational subcultures

This proposition pertains to the subculture of procurement managers. In the same way as top management support, it is also based on a materially differentiated view of organisational culture (Lucas, 1987; Barley, 1986; Bacharach and Lawler, 1980). Procurement managers are theorised to be part of a different subculture than top managers for the difference in commercial pressures between the two groups (Saini, 2010) that engender different attitudes and practices (Jung *et al.*, 2009).

Support for this proposition in the case studies revolves around the efforts of top management to alter organisational culture (Carlson and Perrewé, 1995; Sims, 1991; Blau, 1964) and around evidence of lack of support being a barrier for SERP implementation. However, the findings also revealed the importance of other organisational subgroups.

It emerged in the findings that cultural support for SERP within subgroups (Saini, 2010; Lucas, 1987) is as important as that of the procurement department. Both organisations emphasised the cultural support of formal subgroups, such as the Quality Assurance department and the CSR department or equivalent. These departments have different remits to contribute to organisational strategy and are thus formal. Equally, both organisations emphasised the cultural support of informal subgroups, which encompass groups of intra-organisational actors that cross boundaries of formal subgroups. The prime example of this is the channel of communication established in Case Beta between top management and the procurement department. This channel involves managers from a variety of levels and departments, on whom the (amount of) pressure from top management differs from actors not involved in this communication process (Saini, 2010) and are therefore part of their own subculture (Sackmann, 1992; van Maanen, 1988).

As mentioned earlier, this evidence supports a materially differentiated perspective on organisational culture that recognises the role played by the practices and underlying attitudes (Jung *et al.*, 2009) of the procurement department. The proposed extension to this conceptualisation is to consider the role of subcultures in both formal and informal subgroups. It is therefore posited, first, that

The degree to which the support of formal organisational subgroups is aligned with that of top management will have a positive relationship with the degree of SERP implementation

and, secondly, that

The degree to which the support of informal organisational subgroups is aligned with that of top management will have a positive relationship with the degree of SERP implementation

10.4.3 *The role of organisational and human resources*

The perspective taken on the role of resources in this thesis was rooted in the resource-based view of the firm (RBV) (Barney, 1991). These resources must be accessible to or owned by the procurement department, so that it is an aid to the department's efforts to respond to top management support and to thus implement SERP (Côté *et al.*, 2008; Carter and Rogers, 2008; Carter *et al.*, 1999).

The focus of the studies in this thesis has been on the role of organisational (Tomer, 1987) and human resources (Hofer and Schendel, 1978; Becker, 1964), because physical resources are the primary focus of many previous studies into the role of resources. Examples include technology (Dutta *et al.*, 1999) and geographical location (Barney, 1991; Doh, 2005). Financial considerations, in particular (Preuss, 2001; Studer *et al.*, 2008) have far outweighed the examination of other types of physical resources (Hervani, *et al.*, 2005; Carter *et al.*, 2000; Carter, 2005; Carter and Dresner, 2001; Bowen *et al.*, 2001b; Waddock and Graves, 1997).

Support for the four propositions (3a-3d) manifested at points throughout the empirical chapters of this thesis in ways directly related to the proposition. The importance of the procurement department (Proposition 3a) was seen both in Chapter 5 as well as the case studies. Furthermore, international experience (Proposition 3b) supports organisations' efforts to implement SRP. The data pertaining to 'sophisticated supply chain processes' (Proposition 3c) and 'skills and knowledge' (Proposition 3d) encourage conceptual reconsideration.

The reframing of 'sophisticated supply chain processes' began in the discussion in section 10.3.3.3, where it was acknowledged that the items used in Chapter 6 to measure organisations' supplier development activities (Lee *et al.*, 2009; Krause *et al.*, 2000) stem from a theoretical perspective focussing on their role in improving the buying firm's financial performance (Carr and Pearson, 2002; McGinnis and Vallopra, 1999; MacDuffie and Helper, 1997; *see also* Carter and Narasimhan, 2000). This heritage may have given rise to the mixed findings between Chapter 6 and the case studies, where the latter exhibited strong support for the proposition.

Some elements that feature in both case studies may serve as grounds for the future development of a theoretical construct framing supplier development activities in the context of SERP implementation.

The first element in future conceptualisations that is consistent across both case organisations is that the first step of the policy implementation process is consultation with internal and external stakeholders. Although this is unsurprising, given that the essence of CSR in the wider context is the integration of stakeholders' rights and concerns into business practice (Jamali, 2008; O'Riordan and Fairbrass, 2008), it does shine brighter light on future measurement of this construct, insofar as socially and environmentally responsible supply chain processes are not any different from other initiatives that organisations may support and carry out.

The second element that could feature in subsequent versions of the construct is that stakeholders' rights and concerns are integrated into a formal SERP management tool. Both case organisations reported the existence and use of a tool that represented the backbone of their SERP initiative. In both cases, the tool was written, formalised and

periodically reviewed. Insofar as it was written, it served as a policy that directly affected procurement managers' practice and their perception of what was valued by top management (Jung *et al.*, 2009; see section 10.4.1 for a more detailed discussion of 'practical policies'). These two aspects of 'sophisticated supply chain processes' in the case organisations lead to the proposition that

The prevalence of an intra-organisational mechanism to integrate stakeholder concerns into supply chain practice will have a positive relationship with the degree of SERP implementation

'Skills and knowledge' is conceptualised in Chapter 3 as a capability that facilitates the process of translating knowledge into action (Roome and Wijen, 2006), however the knowledge is generated. 'Generated' is the appropriate word, as this thesis is concerned with wholly internal processes, which connotes the use of internal human resources (Barney, 1991; Hofer and Schendel, 1978; Becker, 1964), training (Lee, 2008; Welford and Frost, 2006) or the iterative process of action and interpretation (Rudolph *et al.*, 2009) that is encouraged by organisational culture (Roome and Wijen, 2006).

Neither case exhibited evidence that knowledge was systematically generated internally. There exists some limited training for strategic procurement managers but formal training sessions on the nature and integration of stakeholders' rights and concerns into buyer-supplier relationships were absent. Rather, both case organisations placed great emphasis on the recruitment process. Their focus is on both the younger generation, whose attitudes toward sustainability are more aligned to the needs of the organisation, and specialists, whose knowledge of SERP processes nurtured in other organisations would be of use internally and preclude the need to invest in training (see Treviño and Youngblood's [1990] discussion on 'paying to do the right thing'). In this regard, the case organisations 'procure' skills and knowledge as a resource to implement SERP (see Makadok, 2001). This leads to the proposition that

The prevalence of SERP considerations in the organisation's recruitment process will have a positive relationship with the degree of SERP implementation

This section has provided further discussion of the study's theoretical propositions in light of its empirical findings. These discussions have led to a set of revised theoretical propositions that may be considered in future research in this field.

11. Conclusion

11.1 Introduction

This thesis is a response to the growing concerns surrounding the effectiveness of current strategies employed by businesses to improve human rights, labour standards and treatment of the environment in their supply chains (Boyd *et al.*, 2007; Locke *et al.*, 2007; Welford and Frost, 2006; Sitkin and Roth, 1993). Recognising the potential discrepancy between policy (what companies want to or say they do) and practice (what they actually do), this thesis examined the wholly internal culture and resources of UK-based businesses that facilitate the implementation of such socially and environmentally responsible procurement (SERP) strategies. In so doing, the studies constituting this thesis extend a line of research that up until now has been largely of a descriptive nature (Walker *et al.*, 2008; Ramus and Montiel, 2005; Cooper *et al.*, 2000, 1997). This piece of research also advances an under-researched area of the SERP literature that focuses on wholly internal mechanisms, in order to answer the following research question:

How do commercial organisations implement socially and environmentally responsible procurement (SERP) policy?

The conceptualisation developed to answer this question drew on a materialist perspective of differentiated organisational culture (Martin, 2002; Lucas, 1987), in order to examine the nature and prevalence of support among top managers and the procurement department. The perspective is ‘materialist’ (Martin, 2002) insofar as it examines the observable artifacts of a culture (Schein, 2004) as proxies for the underlying values and assumptions (Carter, 2000b). This is to say that it focuses on the practices (Jung *et al.*, 2009; Sackmann, 1992), words (Howard, 1998) and actions (van Maanen, 1988) of intra-organisational actors. The perspective is ‘differentiated’, insofar as it views cultural attributes of top management and the procurement department to be consistent within those organisational subgroups (Trice and Beyer, 1993; Ott, 1989; Sathe, 1985) and different to the attributes of other subgroups (Jung *et al.*, 2009; Laurila, 1997; Lucas, 1987).

Barney's (1991) resource-based view of the firm (RBV) was integrated into the conceptual model. The RBV accounts for resources that are allocated specifically to SERP implementation in line with the organisation's cultural support (Carter *et al.*, 1999; Min and Galle, 1997). Building on Barney *et al.*'s (2001; see also Peng, 2001) assertion that the literature would benefit from studies of intangible resources (and in response to the predominance of studies into the role of physical resources), this research controlled for physical resources and subsequently focussed on the allocation of organisational (Tomer, 1987) and human resources (Hofer and Schendel, 1978; Becker, 1964).

Both quantitative and qualitative research methods were used. First, a survey was conducted of 340 domestic (within the United Kingdom) and international buyer-supplier relationships, the results of which were reported in chapters 5 and 6. The analysis of the survey focussed on formalised top management support, in the form of policy commitments, and informal support (i.e. top managers' attitudes and behaviour as viewed by the procurement department). The analysis also focussed on the 'core capabilities' (Andersen and Skjoett-Larsen, 2009) developed through the daily activity of procurement departments. These were the procurement department's capability to monitor their suppliers; experience with foreign suppliers; and supplier development mechanisms.

Two in-depth case studies were conducted, in order to investigate further into the mechanisms used to implement SERP policy. These were conducted in a domestic hardware retailer (Chapter 7) and a multi-national tobacco manufacturer (Chapter 8), both of which are UK-based businesses implementing SERP to a high degree. Chapter 9 drew together the findings of the case studies to identify similarities and differences at the empirical and theoretical levels.

The following section details the key findings of this research and links them to the research question posed at the outset.

11.2 Key findings

The objective of this thesis was to contribute to the extant literature by investigating intra-organisational mechanisms used to implement SERP policy. The need for this study was identified in the outcomes of the literature review in Chapter 2. This study responded by using mixed methods; by examining social and environmental issues in parallel; and by investigating discrepancies between policy commitments to and the action of SERP. In so doing, it provided insights into the question of how commercial organisations implement SERP. There were 4 key findings in relation to this research question.

1. The implementation of environmentally responsible procurement (ERP) practice is more institutionalised than that of socially responsible procurement (SRP).

Findings revealed that top management's behaviour and communications are more conducive to SERP implementation than formal policy commitments. The descriptive quantitative study in Chapter 5 found that a higher proportion of top management support for ERP practice is translated into procurement practice than support for SRP. The regression analysis in Chapter 6 added nuance to this by revealing that the implementation of ERP is less reliant on top management support than SRP. Therefore, top management may not be able to use culture as a 'lever' to 'manage' or 'control' procurement managers' behaviour (Ackroyd and Crowdy, 1990) concerning a non-mandated stakeholder pressures (Davis, 1973). This finding challenges that of previous studies where codes of conduct (i.e. formal manifestations) are the principal method of implementing SERP (Preuss, 2009; Welford and Frost, 2006; Pedersen and Andersen, 2006; Mamic, 2005; Roberts, 2003; Kolk and van Tulder, 2002b; Emmelhainz and Adams, 1999).

That ERP is implemented to a higher degree with less reliance on top management support indicates its more embedded nature in management practice. In discussing the findings of the study in chapter 6, it was suggested that macro-level institutions, in combination with normative pressure from industry and the measurability of environmental improvements, have had a significant impact on the focus of commercial organisations. Examples of these institutions included ISO, the UK government's

Sustainable Procurement Task Force, Envirowise, the UN Global Compact, the Carbon Trust and the Waster and Resources Action Programme (WRAP).

These findings carry the important implication for top managers to rebalance their efforts in encouraging SERP engagement to be weighted toward SRP. In line with the finding that top management's behaviour and communications are more conducive to SERP implementation than formal policy commitments, and acknowledging the existence of institutions in and outside the organisation supporting ERP implementation, addressing the focus of top managers' efforts would promote procurement managers' implementation of SRP alongside the more institutionalised practice of ERP.

2. The behaviour and attitudes of top managers toward SERP are more influential on the procurement managers' practice than formalised policy commitments.

The quantitative study also found that a higher proportion of informal top management support for SERP was translated into practice than formal policy commitments of the organisation's socially and environmentally responsible culture. This was also supported in the findings of the regression analysis in Chapter 6. It was explained theoretically that top managers' behaviour underscores the importance of policy commitments and facilitates procurement managers' interaction with policies (Carter *et al.*, 1999). Top managers engage with this activity by using institutionalised authority (Carson and Perrewe, 2002; Blau, 1964) to make presentations and communicate to all staff (McDonald and Nijhof, 1999) that SERP is valued by the organisation (Sims, 1991). The case studies of the current project reveal that top management engage in similar practices. Top management was seen to ratify policy developed by internal experts (Case Alpha) as well as to initiate a chain of meetings that facilitated communication from stakeholders to the procurement department (Case Beta). The ownership of each link in this chain was distributed among seniors at each level of the managerial hierarchy.

These findings in the case studies, in combination with the support in the quantitative study for the influence of top management's supportive behaviour and attitudes toward SERP, highlighted the role of top managers as leaders in the context of SERP. Many of

the activities were observed to be more in line with frameworks of leaders' characteristics than with those of managers (Carson and Perrewe, 1995; Kotter, 1990).

A prominent implication of this key finding for top managers is the need to recognise and act upon the importance of their day-to-day behaviour and how they embody the support given to SERP. A particularly useful example of this is the Head of Environment, Health and Safety in Case Beta, whose depth of experience in other areas of the business, and subsequent ability to 'speak the same language' as other managers, facilitated a noticeably respected influence on the organisation's SERP implementation. With this relationship in mind, managers need to have a common, consistent and clear image of their SERP policy and its goal, in order for the behaviour of all top managers to reflect this.

3. The distinction between organisational subgroups

The conceptual development emphasised the identification of organisational subgroups along formal lines, e.g. departmental. This was reflected in the case study methodology and interview protocols. It was found that informal subgroups had formed during SERP implementation, whereby Case Alpha reported the obstructive influence of buyers' loyalty towards suppliers. Case Beta explained the role of managers procuring non-strategic ('indirect') materials and that they were not as integrated into the SERP implementation strategy as others procuring strategic ('direct') materials.

The main implication of this finding is the need for a higher degree of awareness of non-formal intra-organisational subgroups. For academics, this implication can affect the theoretical frameworks used for future studies into SERP implementation, in order to consider informal sources of support and resistance. In this way, it encourages future scholars to consider the different pressures to which intra-organisational actors are subjected and how this may affect their attitude toward SERP implementation. It would also, therefore, have the potential to render future findings and recommendations more nuanced and targeted toward specific organisational subgroups.

Reflecting this contribution to future studies, top managers can also be influenced by this implication. Not only could they raise their awareness of such intra-organisational

subgroups' existence but also refine their strategy of increasing buy-in across the organisation by tailoring the messages they send through their behaviour (see the first and second key findings).

4. The sophisticated process of policy implementation

The case studies in this thesis both revealed the processes used to develop and implement SERP policy. These centred on the structured dialogue with stakeholders and the use of a supplier assessment tool. The processes also illustrate the involvement of and interaction between different departments and specific individuals. Related to this point, the quantitative study also revealed the central role of the procurement department's monitoring capability. This lends support to studies advocating the use of monitoring (e.g. Locke *et al.*, 2007; Pedersen and Andersen, 2006; Kolk and van Tulder, 2002a), as a way of detecting opportunistic behaviour (Morgan *et al.*, 2007; Heide and Miner, 1992).

This key finding contributes to top managers' activity, in that it is an example of good practice in implementing SERP. That both sophisticated processes in the case organisations explicitly link the pressures received from stakeholders and the procurement department's actions, indicates their recognition of this core CSR principle. These examples show other top managers, particularly those encountering obstacles and those at the beginning of their implementation strategy, how the connection between stakeholder pressure and action can be made and sustained.

11.3 Limitations of the thesis

This section details the empirical limitations of this thesis.

In order to take into account the research design of this thesis, the limitations have been divided into those pertaining to the quantitative study and those to the qualitative study. There are five key empirical limitations in the former and three in the latter.

The limitations of the quantitative study are:

1. The geographical generalizability of the findings
2. The common treatment of international transactions
3. The exclusion of physical resources
4. Focus on internal control variables
5. The measure of socially responsible policy commitments

The first limitation is that the results should not be generalised beyond the United Kingdom. Whilst the focus of this thesis on businesses operating within the United Kingdom represents a contribution to the extant literature given the predominate emphasis on the United States identified in the literature review (Chapter 2), the current research would have benefited from some consideration of the different contexts, in which multi-national enterprises operate. This could have taken the form of considering differences between the ways in which the same firm's procurement operations differ in other institutional contexts, in comparison to their operations in the United Kingdom. The study would have also benefited from data gathered from foreign businesses, in order that the roles of top management support and intangible resources be generalised beyond national boundaries.

The current research is also limited by the common treatment of international transactions. In response to the theoretical proposition that more experience with foreign suppliers will facilitate the focal firm's SERP implementation in international relationships, the distinction in the regression of Chapter 6 was made between domestic and foreign buyer-supplier relationships. This distinction was made by creating a spline variable, whereby the value indicated by the survey participant on the Likert scale was only applied to international transactions. As discussed in Chapter 10, this proposition is supported by the data. The study would have benefited from this refinement by being able to respond to more targeted propositions that would account for differing geographical locations (and thus for levels of supply chain risk [Manuj and Mentzer, 2008]) and differing national institutional pressures (Tate *et al.*, 2010). These suggestions are as opposed to the experience of dealing with generically foreign locations and institutional pressures.

The quantitative analysis focussed on core organisational and human resources (Andersen and Skjoett-Larsen, 2009) gained through repeated procurement activity. The analysis, therefore, highlighted resources that the procurement department is able to cultivate through its daily activity. The way in which the importance of the procurement department and the skills and knowledge of the department were used to implement SERP clearly emerged in the case studies. Although the cases shed light on aspects of these constructs that had not been previously considered in the SERP literature (e.g. the 'procurement' of knowledge), the quantitative analysis is limited by not including these other organisational and human resources.

With reference to Barney's (1991) three types of resources, the exclusion of physical resources may also be a limitation of this research. Although the focus of this research is specifically on the use of organisational and human resources (*ibid.*), physical resources were taken into account in the form of organisational slack (Bourgeois III, 1981) and, more specifically, available slack (the firm's current ratio); recoverable slack (the ratio of the firm's administrative expenses to sales); and potential slack (the ratio of equity to debt) (*ibid.*; Geiger and Cashen, 2002; Tan and Peng, 2003). It was found that the effects of these measurements, collected from DataStream, had an insignificant effect on SERP implementation. For the purposes of this research and for the efficiency of the quantitative model, therefore, organisational size was included as a control variable. This proved to be a more effective control for the physical resources, to which an organisation may possess (Brammer and Millington, 2006; Penrose, 1959; Pugh *et al.*, 1969).

The control variables currently included in the quantitative analysis were adopted from studies of buyer-supplier relationships in the extant supply chain management literature. As the focus of the current research lies completely within the boundaries of the organisation, measures of control variables focus on wholly internal influences. It was acknowledged in the conceptual development (Chapter 3) that top management's support for SERP implementation may be the result of intrinsic and/or extrinsic motivation. However, the scope of this research has one limiting implication in this regard. Emphasis was placed on the material manifestations of culture (*ibid.*; Carter, 2005; Harris, 2001), *not* on the intrinsic motivation *behind* these manifestations (Thomas and Velthouse, 1990) that, as acknowledged earlier, may be an origin of top

management support. Although this is in line with a differentiated view of organisational culture, it does exclude intrinsic motivations that also lie within the organisation. However, the behaviours included in this study do provide useful insights into deeper levels of a group's culture, including what is important for that group (Carter, 2005; Sackmann, 1992).

Chapter 6 included measures of organisations' policy commitments, which were employed as proxies for their internal cultural support for SERP (Carter, 2005). This focus captured the organisations' explicit means of expressing approaches to social and environmental responsibility (Maignan and Ferrell, 2000; Simpson *et al.*, 1997). The measures pertaining to socially responsible policy commitments were adapted from measures previously employed by Maignan and Ferrell (2000), the internal validity of which was 0.466 in contrast to the commonly accepted score of at least 0.6 (Fornell and Larcker, 1981). A restricted scale using only two of the items was tested, though only two dimensions of the construct were captured. With two dimensions, the internal validity increased; the results in the regression models, however, were similar and therefore all three items were included.

The limitations of the case studies are:

1. Elite bias and access difficulties
2. Generalisability
3. Technological difficulties

Miles and Huberman (1994) refer to elite bias as a common form of distortion in case studies. Access to both cases was facilitated by contact with a senior or mid-level manager. In terms of access to documentation and opportunities to observe practices, this was a positive attribute of the data collection process. However, managers at this level often adopted the role of 'gatekeepers' and 'guardians', whose distrust of the researcher's presence and intention (*ibid.*) manifested in their disinclination to allow interviews with lower level managers. This gave rise to obstacles to access to data and can be seen in the research design (Chapter 4) that describes the nature of the participants in each case study (Table 29), i.e. Case Alpha draws on interview data from only one procurement manager (PM1) and Case Beta, on data from two procurement

managers (PM4 and PM5 [PM2 and PM3 are both senior managers within the procurement department]). The paucity of participation from procurement managers restricts the depth into the cultural support for SERP at the departmental level of analysis.

The generalisable nature of case studies is an often cited limitation (Yin, 2009; Miles and Huberman, 1994). In line with the scope of this thesis, both of the case studies in this research focused on large companies with major operations in a developed economy. Furthermore, both organisations are involved in the sale of socially and environmentally impactful products and, for this, have been the subject of stakeholder scrutiny. These characteristics restrict the generalisable nature of the findings to businesses of a similar size, location of major operations and similar product characteristics. Therefore, the findings in this part of the thesis are not representative of similar organisations that may not be as progressive in SERP implementation, such as SMEs, organisations based in emergent economies and businesses with no immediate impact on society or the environment.

Moreover, Case Alpha was affected by technological difficulties (PM1 and CSR2) and the participants refusing to be recorded (QUAL2). Where recordings were not available, contact notes detailing the participant's comments were transcribed as soon after the interview as possible (Miles and Huberman, 1984). An example of these contact notes can be found in the appendix.

Table 29: Descriptive summary of case participants repeated

		Case Alpha		Case Beta	
Known as	Role	Years with the organisation	Length of interview (in minutes)	Years with the organisation	Length of interview (in minutes)
CSR1	CSR Manager	9	80		
CSR2	Head of CSR Department	2	60		
CSR3	CSR Manager	4	60		
QUAL1	Quality Assurance Audit Manager	24	75		
QUAL2	Quality Assurance Manager	6	45		
PM1	Procurement Manager	6	55		
CSR4	Group Sustainability Projects Manager			36	100
CSR5	Global BEST Co-ordinator			2	25 (impromptu snowball interview)
PM2	Global Head of Procurement Strategy and Planning			29	70
PM3	Global Head of Procurement Account Management			15	70
PM4	Procurement Manager			21	65
PM5	Procurement Manager			3	50

11.4 Future research opportunities

This section presents the opportunities for future researchers to contribute to this field of research.

From the limitations above, further case studies present an immediate opportunity for further research not only to develop extant theory of SERP implementation but also to reveal aspects that may constitute items in a future quantitative study measuring the explicit means through which organisational subgroups exhibit cultural support. Eisenhardt (1989) recommends at least four case studies or until data saturation for researchers to develop extant theory. Future studies into SERP implementation would also incorporate a fragmented view of organisational culture so as to examine the effect on SERP implementation of buyers involved in procuring strategic and non-strategic products (Kraljic, 1983).

This perspective on SERP implementation also provides a strong impetus to engage in research that is more aligned with research into the financial aspects of supply chain management, as neglect of the potential synergies between these lines of research may preclude future practical implications of SERP research. An example of fruitful integration in this regard includes how SERP can be applied to customer-driven supply chains (Childerhouse *et al.*, 2002; Childerhouse and Towill, 2000; Fisher, 1997), which is currently reshaping how some major commercial organisations in the United Kingdom choose to manage their supply chains (Cranfield University, 2010).

Branching out of the focal firm or, moreover, changing which is considered the focal firm, a useful extension of this research would be to examine how suppliers' organisational cultures, practices and resources affect their ability to follow through with the SERP requirements set upon them by buyers. Furthermore, it may be eye-opening for buyers to learn how their suppliers' perceptions of their procurement practice affects the effectiveness of their SERP implementation efforts. Locke *et al.*'s (2007) and Egels-Zandén's (2007) studies suggest that monitoring practices in the context of international supplier relationships may not give rise to the desired effect.

Further research into the capability needed to assess foreign suppliers, therefore, may be a fruitful opportunity for future research.

Along similar lines, this research may also be replicated in small and medium-sized enterprises with the aim of recommending practices to businesses, of which the features setting them apart from larger and multinational firms may warrant a separate research agenda (Spence, 2007).

Furthermore, in response to the need to consider stakeholders' rights and concerns in business operations (Amaeshi *et al.*, 2008), a nascent area of research is into the role of multi-stakeholder initiatives (commonly referred to as MSIs). MSIs are a form of non-governmental organisation, of which the focus is also to remedy human and labour rights violations in supply chains, without the bureaucracy of inter-governmental organisations or the focus on profit or competitive advantage that characterises the SERP efforts of commercial organisations. They often benefit from the cooperation of different stakeholders, including the commercial organisation concerned, the national-level employers' and workers' organisations and the supplier. Examples of MSIs include the International Cocoa Initiative; Better Work; Fairtrade International; and the Eliminating Child Labour in Tobacco-growing (ECLT) Foundation. Research into this area would advance SERP research, as it has recently emerged that commercial organisations may outsource their SERP efforts to MSIs (Walmart, 2010).

11.5 Concluding remarks

The context of this thesis presented in the introduction is set in recent human/labour rights and environmental violations, particularly the concerns regarding the effectiveness of corporate policies developed in response to stakeholder pressure to remedy these violations (Boyd *et al.*, 2007; Locke *et al.*, 2007; Welford and Frost, 2006; Sitkin and Roth, 1993). In light of findings in this thesis, these concerns may be valid if the rights and concerns of stakeholders are decoupled or isolated from procurement managers' daily activity. One important way that this is possible is the creation of policy without its targeted internal transmission to the procurement department.

In this thesis, it emerged through both quantitative and case study research that the internal transmission of policy to procurement managers is most effective by top management's explicit efforts to communicate the value set and attitudes of the organisation through their behaviour – rather than through formalised policy. The examinations of organisations' use of 'core capabilities' (Andersen and Skjoett-Larsen, 2009) to implement this support for SERP revealed the importance of the procurement department's ability to monitor their suppliers and of a sophisticated process to communicate stakeholder pressure to procurement managers and other employees.

The thesis built on the findings by developing new theoretical propositions that are important steps in the production of an effective theory of SERP implementation. An immediate step in this direction would be the consideration of the role of suppliers in and their perspective on SERP implementation. This may also be considered in relation to factors in the buyer-supplier relationship, which lay outside of the current study. Beyond this, this field would benefit from analyses of other types of commercial efforts to implement SERP, including small-medium sized enterprises as well as the involvement of third parties and multi-stakeholder initiatives.

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Appendices

- Appendix 1: Transcription example from Case Alpha
- Appendix 2: Transcription example from Case Beta
- Appendix 3: Contact notes for interview with PM1
- Appendix 4: Contact notes for interview with CSR2
- Appendix 5: Contact notes for interview with QUAL2
- Appendix 6: An example of a case study interview protocol

Transcription example from Case Alpha

Interviewer	That is an in-house project?
Interviewee	Yes, indeed, but fully vetted against Sedex and Sumita [?] and ethical base codes, and basically based on the information that we put together in the first place and then it rolled out to the rest of the operating companies within the group
Interviewer	And what is they don't comply?
Interviewee	We don't place any orders. The system won't allow you to place orders until they have actually complied with all those particular issues
Interviewer	So they are pre-requisites for trade?
Interviewee	Yes.
Interviewer	Ok, so it is not something you work with them to improve because you found them the cheapest price?
Interviewee	On critical failures, so if you say there is a dormitory in a factory and it is above the main chemical storage area we would say that is a no, no, the dormitory has to move, so we wouldn't deal with that organisation until we have actually fixed that problem. One fire escape on one level is not enough; we want two fire escapes as you go up through the levels. We want it fixed before we dealt with them. If they were taking large amounts of money as deposits when they initially take people on, that is another critical failure point that we will want resolved before business.
Interviewer	Do you have a list of critical failure points?
Interviewee	Yes. There are 8 critical failure points in total?
Interviewer	8?
Interviewee	Yes. Of the key ones, which say you have got to fix these. And then some of the others that are a little bit more difficult to tackle around wage rates and all those sorts of things, we have to develop, we have to work with them to actually work through those. Because that is a difficult one because we are not, when you look at the majority of these manufacturers, we are not a massive business for those particular people, the home depots of this are the big business, we are only a little fingernail, so it is very difficult to persuade them to change when they turn around and say oh it is going to increase labour cost and it is going to increase the cost of the product. But what we try to do is demonstrate, we did an exercise many moons ago when we first started, with a cast iron, the company was manufacturing benches for us, wooden benches with cast iron ends and we had hellish problems in the foundry because of protective clothing, injuries, rejects all those kind of things
Interviewer	Do they have that in this country, the foundry?
Interviewee	No, it is in India, no sorry in China. And what we did was actually set up a working party, this was in the really early days, set up a working party, because the first thing you had to establish was a communication between the workers and the factory owners and change this mentality you seem to get sometimes that the factory owners see the workers as parts of the machinery, therefore we don't have to listen to them we know what's best, blah blah blah. So you then get them talking to the factory owners and they start to come up with ideas like how to flow the factory, if I can carry that bit of work from over that corner to the other

	corner, and I just passed it just a few meters to the other side then it would make it flow quicker. Once we did all the education and everything because of the reduction in accidents the high rate of retain that they had with the workers so they weren't bringing on new people all the time, their reject rates went down, and actually in the end, true business case it was kind of flat there wasn't any real increase, because what they were seeing was a more productive workforce. They were being paid better so they were being retained, that had that standard so therefore they were being retained and the reject rate of the actual project went down, so they cared more about the product they were making. So that was from the first exercise
Interviewer	But you were already engaged in trade
Interviewee	Correct
Interviewer	With this supplier?
Interviewee	Yes.
Interviewer	But that particular point was not a critical failure point for you?
Interviewee	At that particular time no it wasn't because that is when we started off the programme, that is when we really got into it, that is when we started to establish these are the key areas, and when Alan came along we started off with a particular subject of timber and peat first of all and then it rolled in to we need to do full assessments on all of our vendors. We didn't have a direct import programme at that particular time, we didn't have our own direct import programme like we do have now. So it has kind of formed over the years, and been formalised and [20.00 mins] it has been difficult to try and convince our vendors in the UK that they have got to do the same thing as well, to try and understand it. Even though we turn round and say there is legislation coming, and you are going to have to do it at some point so why not do it now.

Transcription example from Case Beta

Interviewer	Because you have been here for a while
Interviewee	Yes indeed and just like this acknowledgement that in a difficult industry we had to be, keep our reputation and be as good as we could be in a controversial industry and I think where we have evolved from was also our understanding of what that might mean, so initially it was perhaps investing in good works and being philanthropic that was the word I was looking for, so that is a little bit more, we are a big company let's invest some of this money in the communities. And it was more about that I would suggest than about perhaps a real understanding of what the business benefit of that might be if you see what I mean, this was based on that reputation and I think as that has evolved and in line with what other people are doing, there has always been a benchmarking element to it as well, so people were looking at what other folks were doing and I think there was a change perhaps 5 or 6 years ago where there was a recognition on this is all very good but what business sense does it make. And we were doing lots of good works, but not necessarily focussed or managed I would say
Interviewer	How do you decide between what to do and what not to do?
Interviewee	Exactly and some things are done at a very local level and that is fine, there were community things in particular locations which of course made great sense to do. And in some of our operations you had much more of an opportunity to do that than at a group level. But there was then I am not sure the timing of it but then Michael Prideaux came in as the CSR director with a responsibility for corporate social responsibility. And I think it was then the framework of what that meant was grown and then I think there was this as I say this change in the board that said ok what do we need, where are the benefits of doing this, how do we manage ourselves a little bit more
Interviewer	Coherently
Interviewee	Coherently and cohesively and what is it that we want to do, so there was a series of different, it was before my time involved in any of this, but my understanding, there was a series of workshops and the board all went off site and did some work with a guy called Chris Laszlo I believe who was promoting this idea of sustainability and business sustainability
Interviewer	How long ago are you talking?
Interviewee	I think this was probably 4 years ago, 4 or 5 years ago but there were things that were, I think everybody recognised it was a sort of journey and that Beta was taking that journey and it was about responsibility
Interviewer	But that is not the first engagement because you were here for 20 odd years
Interviewee	Oh yes, yes
Interviewer	You were doing things in the 80s
Interviewee	But in a specific role that I was in that I am exposed to it if you like or more directly contributing to that. In previous roles I kind of believed that the company was behaving responsibly, quite a lot of comms around what we did with child labour, disciplines in leaf and so on. But I don't know that it was so externally known, I think the culture in the

	company was one of behaviours [5.00 mins] and a culture of discipline behaviours
Interviewer	Even now how well is it known externally, how many people actually look at this, how many people even know Beta because your brand is not on the frontline
Interviewee	Exactly. We had a stakeholder thing yesterday which perhaps I will talk about as we carry on discussing but that was quite interesting because they say we have now, because they were invited to the stakeholder day looked at the website, looked at your report and you are doing some pretty good stuff, why aren't you really showing off about it and I think there is this we get accused of so many things within a controversial industry, in the tobacco industry and I think we just feel fear of being called green wash or you know so I think there is this sort of reticence to go out loud and talk about it when you know, and some of the views of yesterday was well you know what you are damned if you do you are damned if you don't so you might as well you know step up put your head above the parapet and see what those exposure brings, but nevertheless. So there was a, I think this evolution of CSR maturing into more business sustainability and a more corporate view of what the business should be driving and in what areas of the business. So the first type of reports that we did were tomes [?] and then lots of good work and so on. So there was a specific initiative to say ok good stuff perhaps of its time, there were a few remarks like typical one who gives a monkeys about gibbons then because we were funding a conservation of some gibbon colony, very good and what has that got to do with Beta, good work, so I would say in some areas
Interviewer	Would you see that as some sort of misallocation of resources?
Interviewee	Well
Interviewer	Because it is not core to business
Interviewee	Exactly and people, some people said well very noble but what has that got to do with the business.
Interviewer	So what happened?
Interviewee	So they took the board off site, they did quite a lot of stakeholder engagement and the feedback was it is not business relevant, there is too much, you need to be more material, you need to be more focussed, you are trying to do all these different things both at a group and at a local level, what is it you really want to do
Interviewer	And that was the result of a stakeholder dialogue
Interviewee	Yes, so first set of very specific stakeholder dialogue and led through the CSR director. So took that ownership, took that responsibility and leadership to change the way that we were doing these things

Contact notes for interview with P2

- Jel has extensive experience in previous purchasing roles including Sainsbury's, Homebase and Argos. All his experience is in retail.
- Jel finds it difficult to refer to the overall strategy of Alpha and relies heavily on how line managers directed his day-to-day activity.
- The same goes for his knowledge of how the business responds to customer/investor pressure.
- Jel refers a lot to the framework he has to abide by to do his job. Alpha has frameworks and IT systems in place that allow procurement managers to engage with a certain supplier. Beyond these, Jel finds it difficult to comment on higher level issues, such as benefits, policy development and prioritisation processes.
- Jel understands the role of quality assurance is to ensure that the products he brings onto the company's books complies with the business' CSR standards and that they have a key part in the policy creation. Jel mentions a negotiation process between QA and CSR.
- In Jel's part of Alpha, he mentions the continued contact with the CSR team as something that helps the department understand why it's important. He mentions that they are often answering questions from the procurement team. In the end though, the policies are agreed at the top so that's the key driver.
- For Jel, success means that there are suppliers out there who he can buy from in line with the policy. If the policy stops him from meeting the other targets he has or if there are not any suppliers that can comply, the policy, for Jel, has failed.
- Jel received very limited training when he joined the company and some of these issues were mentioned but he has not received any other training in this regard. He is appraised; each appraisal includes a CSR component but he feels that it's not that important because it wouldn't affect his salary increase or job security.

Contact notes for interview with P3

- Alpha's efforts with SERP with a timber policy that was initiated after media pressure that uncovered holes in their efforts to track the origins of their timber.
- This pressure has developed internally into part of their 'DNA'. They have started to work with 3rd parties to shape their thinking in this area.
- The frustrating point for Matthew is that CSR does not have the authority to mandate (always going through the commercial side) and they don't have the authority to change practice in other departments. He doesn't feel that the functions are as integrated as they could be and the process is really slow.
- In terms of org design, the CSR department is not part of commercial – it is under the legal division.
- In Matthew's experience, the only formal process/interaction that happens is during the policy review that happens every six months, although informally, there is constant dialogue between CSR and the purchasing team.
- Third party, BioRegional, accredit products based on their marketability and innovativeness. Once a product becomes the industry norm and no longer differentiates Alpha, the product is no longer accredited... connection with the One Planet Home Program.
- SERP prioritised based on product importance... timber first of all.
- Main goal is 'business protection' – reputation... also, in terms of sustainable business, Alpha has to remain responsive to a changing customer demographic. Customers nowadays have heightened awareness of the damage these products can do and Alpha perceives a change in customer expectations in line with this.
- CSR department does not have any direct authority on how the business is run. The CSR team is sometimes seen as an internal service provider that recommends courses of action to the board, which in turn help the Board achieve one of their "7 Pillars" = 7 Board members → CSR is part of Legal pillar.
- Only five people on the team, so there is a lot of work for CSR in Alpha.
- Headline issues get more attention and products that are more relevant to the business get more attention, too.
- Alpha started really becoming more responsible in the 90s and now they have almost achieved 100% traceability on all timber products that can be seen by the customer through a code on every product containing timber that identifies the timber's origin. This "chain of custody" is Alpha's 'blue ribbon'.

- Alpha's involvement in SERP issues is linked largely to the "successive chain of top managers who have been ideologically committed to it".
- QUEST is Alpha's vendor assessment program and it uses this to accept new suppliers and reassess existing suppliers. Not as much monitoring of international as domestic ones... Domestics are audited every 1-3 years and then this is also based on the level of trust Alpha has with the supplier in question. It costs a lot to keep up the same level of contact with suppliers abroad. Matthew gives a detailed example illustrating the need for credibility in this area rather than benevolence!
- Success of policies rests on 'working with people' rather than just imposing mandates... Matthew feels that this way of working helped them to achieve 90% FSC timber, which is way ahead of its competitors.
- A major barrier that was quite important for Matthew was the lack of business case and the piecemeal emotional reactions to CSR that were present in Alpha before the current attitudes emerged. Now CSR performance is in competition with other operational performance measures.

---PARTICIPANT ENDED THE INTERVIEW EARLY AS A COLLEAGUE
CALLED HIM AWAY---

Contact notes for interview with P6

- Participant has been at Alpha for 7 years
 - CSR and QA work together very closely in policy development, as QA has to enforce the policies put forward by CSR.
 - There is a clear cost for the business if it doesn't engage in these issues.
 - Little to no disagreement between QA and CSR departments.
 - Issue prioritisation through assessment against critical failure points in QUEST, common systems of assessment for all suppliers.
 - Key outcomes are Alpha's ability to manage stakeholders through constant dialogue and continuous improvement.
 - Reputation management seems for him to be the main reason why Alpha engages in these issues.
 - CSR department make policy and QA police it.
 - He is aware that Alpha often consults with vendors that engage with these sorts of issues to learn more. Other primary drivers are knowledge of imminent legislation and instruction from the Board.
 - Facilitators of SERP are the culture of buying things at 'good value' and the implicit understanding that 'good value' includes the social and environmental issues.
 - This culture comes from hiring like-minded people, as, at interview stage, questions also probed knowledge in sustainable timber issues. Also, QA is constantly researching what can be done to improve performance in the area.
 - Org supplier selection systems are designed not to allow trade with suppliers who do not comply with CSR policies.
 - If senior management supports an initiative, it features in newsletters and emails and there may also be presentations on what's going on in the area. Central comms also disseminate the info and the centralised office location helps.
 - No formal training... most of it is on the job. There are weekly meetings about a certain aspect of Alpha's CSR efforts... last week was on REACH and the scorecard on chemicals used in Alpha's products.
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An example of a case study interview protocol

1. Could you perhaps begin by describing your approach to corporate social responsibility?
2. How does CSR fit into your broader corporate/business strategy?
3. How do you and your firm identify and prioritise CSR issues?
4. What role do particular stakeholders play in shaping your CSR activities?
5. What do you believe are the key outcomes/impacts of your company's CSR policy?
6. How do you decide your level of engagement with CSR? What is the decision-making process? Who is involved in these decisions?
7. To what extent are your CSR activities influenced by those of your competitors?
8. To what extent are your CSR activities shaped by your industry environment?
9. How long has your company been involved in responsible procurement? Are you aware of why the company started?
10. What benefits do you perceive from being involved in responsible procurement?
11. How do you determine the level of engagement in responsible procurement activities?
12. Do you have a formal policy for managing social and environmental issues in your supply chain? What are its key characteristics and principles?
13. How was this policy developed? Who was involved?

14. Who or what have been the primary drivers for action in responsible procurement activities in your organisation/department?
15. What are the key factors that led to the successful development of responsible procurement policies in your business?
16. What were some of the barriers? How were they overcome?
17. Could you give me an example of when your responsible procurement policy has been successfully implemented?
18. Why do you feel this was successful?
19. Could you give me an example of when your responsible procurement policy has not been successfully implemented?
20. Why do you feel it was unsuccessful?
21. What role do incentives and rewards play in the implementation of your responsible procurement policy?
22. How are responsible procurement policies communicated to your procurement managers?
23. Does your business have any systematic/regular training in place with regard to responsible procurement? What form does this take? Who has participated?
24. What lessons have you learnt from implementing responsible procurement policy?

